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Title:

**The Efficiency of the Cash on Delivery as a Payment
Gateway for E-commerce Businesses in Algeria
Case: SPEED EXPRESS**

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Abstract

In the last decade, the world has made a big leap toward electronic commerce exchange and technology usage in the economy, unfortunately Algeria remains a bit far from the use of electronic payment forms, and the Algerian e-shopper still do not use this kind of methods in order to carry out online shopping operations.

The aim of this dissertation is to present the cash on delivery as a payment method used by the Algerian consumer instead of e-payment in order to shop for goods online. This study shows the different implementations of the cash on delivery model inside businesses and highlights the factors influencing the efficiency of this latter.

Keywords: E-commerce, Cash on delivery, Payment on delivery, Collect on delivery

Résumé

Au cours de la dernière décennie, le monde a fait un grand pas en avant concernant les échanges en commerce électronique et l'utilisation de la technologie dans l'économie, malheureusement l'Algérie reste un peu loin de l'utilisation des formes de paiement électronique ; le consommateur algérien n'utilise toujours pas ce genre de méthodes afin de réaliser des opérations d'achat en ligne. Le but de ce mémoire est de présenter le paiement à la livraison en tant qu'un moyen de paiement utilisé par le consommateur algérien comme alternative au paiement électronique pour faire des achats en ligne. Cette étude montre les différentes implémentations du modèle de paiement à la livraison au sein des entreprises et met en évidence les facteurs influençant l'efficacité de ce dernier.

Mots clés : E-commerce, Espèces à la livraison, Paiement à la livraison, Collecte à la livraison

ملخص

في العقد الماضي، حقق العالم قفزة كبيرة نحو التبادل التجاري الإلكتروني واستخدام التكنولوجيا في الاقتصاد، لكن للأسف لا تزال الجزائر بعيدة بعض الشيء عن استخدام نماذج الدفع الإلكترونية، ولا يزال المتسوق الإلكتروني الجزائري بعيداً عن استعمال هذا النوع من طرق الدفع من أجل القيام بعمليات التسوق عبر الإنترنت. الهدف من هذه المذكرة هو تقديم الدفع عند الاستلام كطريقة دفع يستخدمها المستهلك الجزائري بدلاً من الدفع الإلكتروني من أجل التسوق عبر الإنترنت. توضح هذه الدراسة التطبيقات المختلفة لنموذج الدفع النقدي عند الاستلام داخل الشركات وتسلسل الضوء على العوامل التي تؤثر على كفاءة هذا الأخير.

كلمات مفتاحية: تجارة الكترونية، الدفع نقدا عند الاستلام، الدفع عند الاستلام، التحصيل عند الاستلام

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Initials and Acronyms

AS	Administrative Service
CCP	Compte Courant Postal
COD	Cash on delivery
DR	Delivery Rate
ES	E-commerce Store
GIE	Groupement d'Intérêt Economique Monétique
ICT	Information and Communications Technology
KPI	Key Performance Indicator
SEO	Search Engine Optimisation
SKU	Stock Keeping Unit
TRX	Transactions

General Introduction

Nowadays, the fact that internet is occupying a daily essential part in our life is an indisputable statement. People use it to accomplish various tasks, such as communicating, socializing, working, and numerous other uses. It made daily activities simpler by offering handy features that help the user gain time and money. As a result, Internet has been playing a big role in the economy of countries by facilitating the interaction between customers and businesses in multiple working models. We can say that it was a game changer for a lot of companies and still is, especially due to the increasing tendency of consumers for online shopping.

The e-commerce market is evolving continuously from year to year¹: In 2019, the retail e-commerce sales worldwide in the B2C segment have been reported to be a 3535 billion U.S dollar, with a difference of 553 billion from the previous year -2018-. It is forecasted that in 2020 the retail sales will be 4206 billion U.S dollar and by the year 2023 the sales will reach up to 6542 billion U.S dollar.

Unfortunately, and in the middle of all this remarkable growth in e-commerce globally, Algeria remains very distant from this digital market, and suffers from a lot of obstacles that restrain the country from adopting this economic model. For instance, the lack of e-payment use, from both customers and businesses side is one of the biggest brakes that encounters the electronic commerce lift-off. According to GIE Monétique - the institution responsible for providing e-payment solutions in Algeria - the total number of e-commerce transactions from January to July 2020 is estimated to be only 63 transactions². Considering this low number, we can say that Algeria suffers from an absence of an electronic ecosystem that can stimulate the growth of e-commerce or even the use of the electronic payment gateways while shopping for goods.

But does this mean that the electronic payment gateway barrier has stopped all forms of e-commerce in Algeria? and there are no alternatives for businesses to use in order to sell using the internet?

In fact, a potential solution for this problem is being currently used by multiple e-commerce businesses: the payment on delivery gateway, which is also known as “cash on delivery” payment.

¹ <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/> , Visited on 20th June 2020

² <https://giemonetique.dz/qui-sommes-nous/activite-paiement-sur-internet/> , Visited on 10th August 2020

Problematic

As explained above, businesses suffer from not being able to adapt an electronic payment gateway to sell their product online, as a solution for that, they adapted an alternative payment method which is the cash on delivery method.

With that being said, a lot of questioning come to mind about the efficiency of this payment gateway when applied on the Algerian territory, considering the multiple factors related to it, such as the customer behavior, the shipping time, the delivery areas and many other elements that can affect its efficiency.

This leads us to ask the following research question:

Is the cash on delivery payment gateway a good alternative to e-payment in order to sell goods online in Algeria?

According to the previous question, the following hypothesis is proposed:

- **Hypothesis 1 :** *Cash on delivery is a good alternative for e-payment to sell goods online, once the factors playing on its efficiency are well controlled.*

Reasons of the research

- **Personal reasons:** The researcher is strongly interested in the subject of e-commerce and its stakes in Algeria; He has a vision to start a business in this field once graduated. Moreover, His experience of 5 years as a freelance digital marketer will help comprehend and analyze the topic.
- **The research topic importance:** It has been made very clear, especially with the COVID-19 outbreak, that e-commerce needs to be implemented in Algeria. The Cash on Delivery method can play a big role in stimulating the culture of buying from the internet, it will give Algerians more trust in e-commerce and will push them to go for a full electronic shopping experience in the coming years.
- **The strategic interest:** Knowing more about the behavior of customers regarding the cash on delivery can help businesses improve its process and implementation and gives them more control over the factors affecting the delivery. Moreover, they can implement a strategy that can help them stay profitable.

Overview of the related work

It has caught our attention that this topic has not been the subject of much academic works, despite that fact, we managed to have a look into two relatively related papers:

- **Ashamayee Mishra, D K Mahalik (2018)**

This paper studied the delivery mechanism of e-commerce using correspondence analysis. This work has been conducted in India and it dealt with the logistical environment of online sellers there. It has showed that the increase of e-retailing has led to a high demand for logistics and delivery services, and a result to that, an explosive increment in delivery companies. Considering that respecting the deadlines of shipments delivery is one of the most prominent components of e-commerce, the e-seller has to pick a suitable and reliable courier that would deliver the products at a fair range and quality. Nevertheless, picking one is not an easy choice, especially while looking for the most prominent achiever that would be fair and covers a wide area.

- **Pencarelli T., Škerháková V., Ali Taha V., Valentiny T. (2018)**

The purpose of this study was to determine the factors influencing the preference of Italian online shoppers to cash on delivery as a payment method on other payment methods such as credit cards and PayPal. The research was based on data obtained through a self-administered questionnaire among Italian e-shoppers. This work is considered one of the few studies about the factors influencing the choice of COD as a payment method and it has revealed that the reputation of the e-seller is a major element leading to this choice: the better the reputation of the e-seller is, the lower the likelihood of preference for a COD payment method. Another factor worth mentioning was the location of the e-seller: the online sellers located inside Italy are more likely to be paid through COD than others who are located outside the country, but this comes as a logic result, since the other sellers do not offer the option of paying using this method. This study showed that it is advised to new Italian online retailers to opt for the cash on delivery payment method as one of their accepted forms of payment, especially if they have a low initial reputation.

Structure of the research

The aim of this research is to deal with the efficiency of the cash on delivery as a payment gateway. This means that it discusses this model of payment and the factors colliding with it once used in the field. The research is put together in a way not only to respond to the research question, but also to be a reference for businesses in case they want to implement the cash on delivery in their work model.

The first chapter is a general overview of the state of e-commerce in Algeria, it contains definitions and an exposure on the breaks encountered in this economic model.

The second chapter focuses on the cash on delivery process, it deepens the subject and deals with its different types and implementation models inside businesses.

The third chapter presents the followed methodology in the current study, justifies its choice and explains the logic that stands behind it.

The fourth and the last chapter is an empirical study conducted inside a shipping and fulfillment company that offers the service of implementing the cash on delivery solution to businesses. The company is considered a reference for this study in order to be able to uncover the factors influencing the efficiency of the cash on delivery model.

Chapter I: General Overview of The E-Commerce State in Algeria

Introduction

In this first chapter we will have a look over the state of e-commerce in Algeria. At first, we define some key terms related with the main topic. After that, we try to cover the situation of electronic commerce in Algeria and we dig into elements regarding the subject.

As a limit to this study, we only deal with the situation of e-commerce inside the Algerian territory. It means that we only include operations made from and to individuals and merchants based in Algeria and in DZD currency (Algerian Dinar). All forms of foreign electronic exchange is excluded from the study.

Section 1: Key terms definition

In this section we define the key technical terms and concepts used in this study.

1. E-commerce

E-commerce, as for all evolving technical terms, has no standard definition. In this study it is defined as “the exchange of goods and services between (usually) independent organizations and/or persons supported by a comprehensive usage of powerful ICT systems and a globally standardized network infrastructure”¹. In other terms, it is the action of selling and purchasing products or services using computer networks as an intermediate.

2. Payment gateway

Payment Gateways are basically a service that links a payment portal found on an e-commerce website with the financial institution that will receive the money. They act as a bridge between the merchant's website and the financial institutions that process the transaction². It means that, when a customer makes a transaction on an e-commerce website, the amount payed won't be sent directly to the seller's banking account, but it goes first through the payment gateway that the merchant has contracted.

¹ Efraim Turban, David King, Jae Kyu Lee, Ting-Peng, Liang Deborah, C. Turban. (2015)

² Ved Prakash Gulati, Shilpa Srivastava (2007)

3. E-payment

E-payment refers to electronic payment systems. According to Kaur & Pathak¹, e-payment systems are payments made in electronic commerce environment in the form of money exchange through electronic means. Practically speaking, it is the process of paying a merchant in exchange for a product or a service using an electronic system that transfers the required funds from the buyer to the seller (the merchant).

4. Cash on delivery

Also known as payment on delivery and collect on delivery. It represents the form of payment where the customer pays by cash or credit card directly to the courier person or vendor only after the product is delivered². This means that the main condition of payment occurring via COD is the delivery of the product to the customer. It is called collect on delivery since the payment can be allowed in cash, by checks or through an electronic system.

Section 2: Overview of the e-commerce state in Algeria

In our study, we only focus on the sale of physical products via e-commerce systems. This means that we do not include payments for services.

1. General synopsis of the use of e-payment as a payment gateway in E-commerce

The party responsible for putting into place electronic payment systems in Algeria is the Monetic Economic Interest Group “Groupement d'Intérêt Economique Monétique” also referred to as “GIE Monétique”. It is composed of 19 adherent members: 18 banks and Algeria postal service. “La Banque d’Algérie” or Bank of Algeria, is a non-adherent member whose role is to ensure the security of the systems and means of payment and to issue relevant standards that respect regulations.

According to GIE Monétique’s official website, the number of transactions made in order to purchase physical products from 2016 to 2019 is equal to 0. As shown in the two tables below, no records of any sale of goods has been recorded before the year 2020.

¹ Karamjeet Kaur, Dr. Ashutosh Pathak (2015)

² Pencarelli T., Škerháková V., Ali Taha V., Valentiny T. (2018)

Table N° 1: The breakdown by business sector of e-payment transactions from to 2016 to 2019

Year	Telecom	Transportation	Insurance	Electricity / Water	AS	Service provider	Sale Of goods	Total number of TRX	Amount
2016	6 536	388	51	391	0	0	0	7 366	15 009 842,02 DZD
2017	87 286	5 677	2 467	12 414	0	0	0	107 844	267 993 423,40 DZD
2018	138 495	871	6 439	29 722	1 455	0	0	176 982	332 592 583,28 DZD
2019	141 552	6 292	8 342	38 806	2 432	5 056	0	202 480	503 870 361,61 DZD

Source: www.giemonetique.dz

It was until January 2020 when the first e-payment transactions took place. As a summary, and until July 2020, only 63 transactions have been made in the sale of goods sector as displayed in the table below. It is necessary to point out that the number shown on the table below regroup transactions made via both EDDAHABIA card and CIB card which are the only two available methods of local e-payment in Algeria.

Table N° 2: The breakdown by business sector of e-payment transactions for the year 2020

Year	Telecom	Transportation	Insurance	Electricity / Water	AS	Service Provider	Sale of goods	Total number of TRX	Amount
Jan	102 047	2 831	1 230	2 260	48	3 742	9	112 167	191 820 684,25 DZD
Feb	93 441	3 111	1 262	2 875	51	4 645	0	105 385	180 287 439,76 DZD
Mar	170 041	1 813	737	5 487	274	8 545	0	186 897	261 823 601,74 DZD
Apr	314 385	60	247	2 609	42	6 597	5	323 945	324 872 004,49 DZD
May	406 677	178	58	4 101	49	9 871	23	420 957	428 631 852,78 DZD
Jun	335 424	585	63	13 591	90	28 914	16	378 683	493 795 529,69 DZD
Jul	414 774	49	358	8 776	86	20 350	15	444 408	533 338 443,23 DZD

Source: www.giemonetique.dz

At this point, and considering the discussed statistics, it is safe to say that customers are not using e-payment in order to buy goods from the internet in Algeria.

In order to highlight more this conclusion, we can use the data displayed on the official website of SATIM, which is the responsible institution for issuing payment cards, automating electronic

payments and implementing e-payment gateways for merchants. It is shown on their website¹ that they have only 7 certified web merchants that sell goods online. This means that, there's a significant reluctance from merchants regarding the implementation of e-payment solutions.

It is important to point out that SATIM is considered as the only² authorized entity that is approved by GIE Monétique, thus it qualifies to carry out the previously mentioned responsibilities while paying respect to the technical standards and functional procedures that the GIE Monétique has adopted.

2. Brakes and factors preventing the use of e-payment in Algeria

Before digging into other factors preventing Algerian customers from paying online, we need to point out, and as mentioned above, that the lack of merchants offering the e-payment as an option on checkout is the first and primary brake. The reason behind this is that there are relatively complicated conditions that need to be satisfied in order to be able to implement the e-payment gateway on the merchants' websites. The conditions³ are about respecting regulations such as data encryption, consumer protection, personal data privacy and security, and other terms to fulfill.

Moreover, and in an article⁴ written by Mr. Yassine Ghezali, on lechiffredaffaires.com, which is an online newspaper specialized in Algerian economy, it is mentioned that JUMIA stated that 98% of clients prefer to pay cash on delivery for several reasons, and one of them is trust. JUMIA is one of the biggest e-commerce platforms in Algeria since 2014 offering a variety of 12 000 products and reaching daily 1000 orders in some promotion events⁵. It is interesting to point out that JUMIA does not accept any form of electronic payment on their platform, but only offers the option of cash on delivery.

In addition to the two mentioned factors above, the lack of electronic awareness among Algerians⁶ can be classified as one of the primary elements that prevents the stimulation of the use of e-payment in Algeria. It is no secret that the culture of the customer plays a big role in building economic models, and unfortunately the Algerian society suffers from a weak technical culture.

¹ <https://www.satim.dz/e-commerce/webmarchants-certifies.html> Visited on August 28th, 2020

² <https://giemonetique.dz/activites/homologation/organes-habilites/> Visited on October 14th, 2020

³ Samira Chaabna1, Hu Wang (2015)

⁴ <https://www.lechiffredaffaires.com/e-commerce-contraintes-et-perspectives-selon-jumia/> Visited on August 29th, 2020

⁵ <https://www.jumia.dz/sp-a-propos/> Visited on August 29th, 2020

As a result of that, the use of e-payment specifically and the practice of e-commerce generally is still considered as an unfamiliar behavior inside the Algerian society.

To summarize, we can regroup the factors discussed above in the following list:

- Lack of implementation of e-payment gateway on merchants' online stores
- Lack of trust among customers and fear of being scammed
- Lack of electronic awareness in the Algerian society

We can add¹ some other factors, such as:

- The psychological brake of being used to ordinary shopping
- Having a poor electronic payment infrastructure
- Lack of protection from electronic crimes

3. Alternatives to the use of e-payment in Algeria

Since the use of electronic payment in Algeria is almost non-existent, there have been some practices from merchant who offered to customers other alternatives to paying online.

3.1. Payment via postal or bank transfer

Some online stores offer the possibility of paying via banking or postal transfers. Nevertheless, the majority of clients find this option a bit tiring, since they will have to go to the post office or to the bank in person in order to make the transaction. In addition, there are no guarantees or regulations protecting the customers in these kinds of transactions so the fear of being scammed is present.

3.2. Payment on delivery

The second alternative to e-payment, which is the core subject of our study, is the payment on delivery. As mentioned previously, it is the process of collecting the amount due for the good from the final customer on the delivery, and this option is preferred by the customers since they can inspect the product before paying and since they are used to cash transactions.

¹ فالق شيرة فاطمة (2018)

Partial conclusion

As a conclusion to this first chapter, and after having a small overview of the e-commerce state in Algeria, it is safe to say that the Algerian customer does not have the habit of using e-payment in order to buy online. This comes as a result of various cultural, economic and political factors. Nevertheless, the given numbers have showed that both Algerian e-shoppers and e-sellers use the cash on delivery as a payment method in order to carry out online shopping experiences.

Chapter II: Overview on The Cash on Delivery Payment Gateway

Introduction

In this chapter, we're going to talk about the use of payment on delivery and its work model inside an e-commerce business. We will start by showing the general buying process from the customer's perspective then we will introduce the cash on delivery process inside businesses when implemented directly and through an intermediary.

Section 1: Cash on delivery from the customer's perspective

Firstly, we highlight the COD payment method seen from the e-shopper's perspective.

1. The process of buying online using the cash on delivery payment method

When shopping for goods, the customer generally goes through a common way to order a product:

Step 1: Picking the product

Step 2: Filling the contact information

Step 3: Confirming the order submission

Some information about the client are always be requested in order to register it. In most of the cases, the needed fields of information are:

- Name
- Phone number
- Address

There are some stores who require signing-up first, and that leads to asking for more fields to fill, for example: The customer's e-mail, age and gender. However, the essential information in order to be able to process a cash on delivery payment are the three fields mentioned above.

As we have mentioned, the online shopper goes through three main steps in order to complete an online purchase via the COD payment. These three main steps can be found in any online store in the form of the following three pages:

1. The product page
2. The order page
3. The thank you page

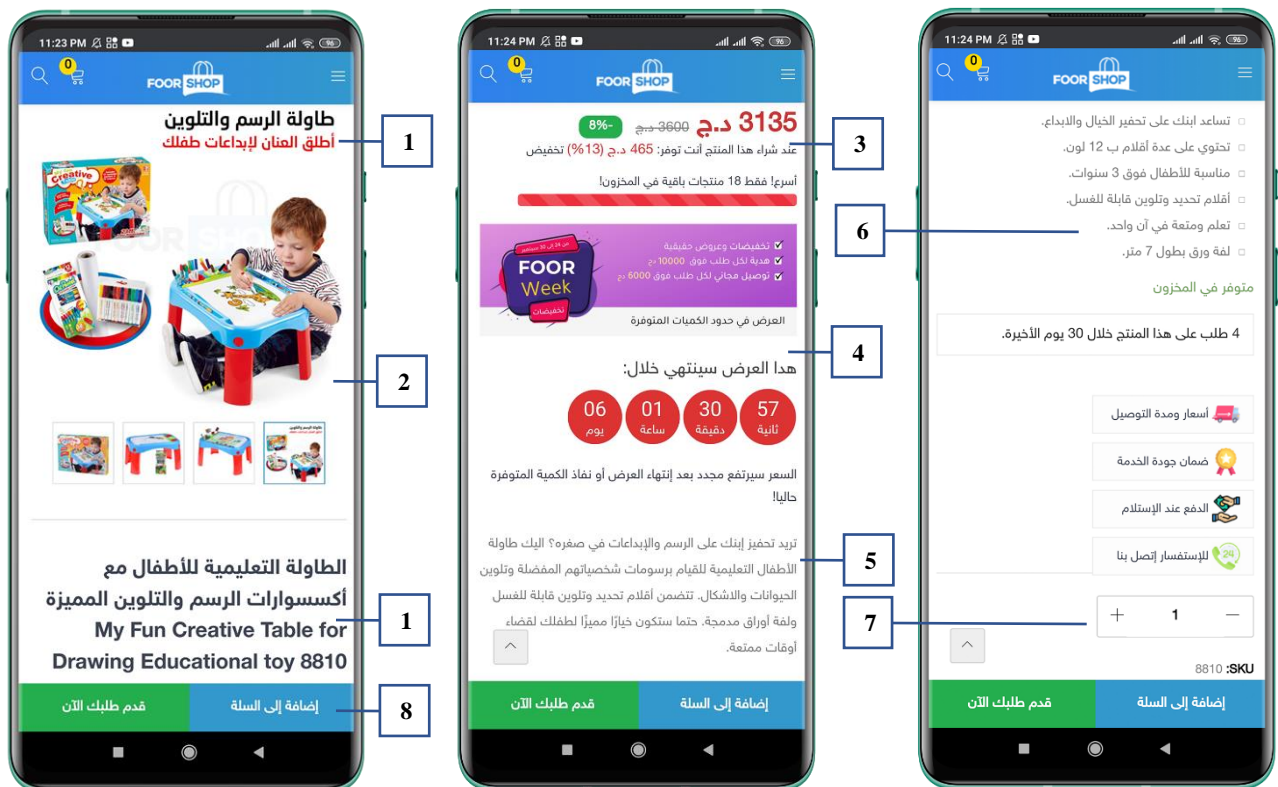
In order to clarify the experience lived by online shoppers, we display these three main steps using *foorshop.com* - an Algerian e-commerce store - as an example¹.

1.1. Picking the product (The product page)

In order to drive the customer to this page, the web merchant uses different marketing methods to promote his products, it can be by using payed advertising or SEO technics.

On this page, the customer is exposed to different information and details about the product. This landing page can be divided into 8 sections as the current example displays:

Figure N° 1: The customer experience on the product page



Foorshop.com

The following table names and explains each one of the eight sections.

¹ <https://foorshop.com/product/my-fun-creative-table-for-drawing-educational-toy-8810/> Visited on September 24th, 2020

Table N° 3: Different sections of the product page

Reference	Section Name	Details
1	Product name	The name of the product and its SKU
2	Product images	Contains various images of the product
3	Product price	The initial price of the product (without shipping costs)
4	Promotional offers	Promotional offers suggested by the web merchant
5	Product features	Small paragraph detailing the use of the product
6	Product technical description	Points covering the technical features of the product
7	Order quantity	The customer can define the quantity of their order
8	Buy button and add to cart button	The customer needs to click on one of these buttons in order to be able to place an order

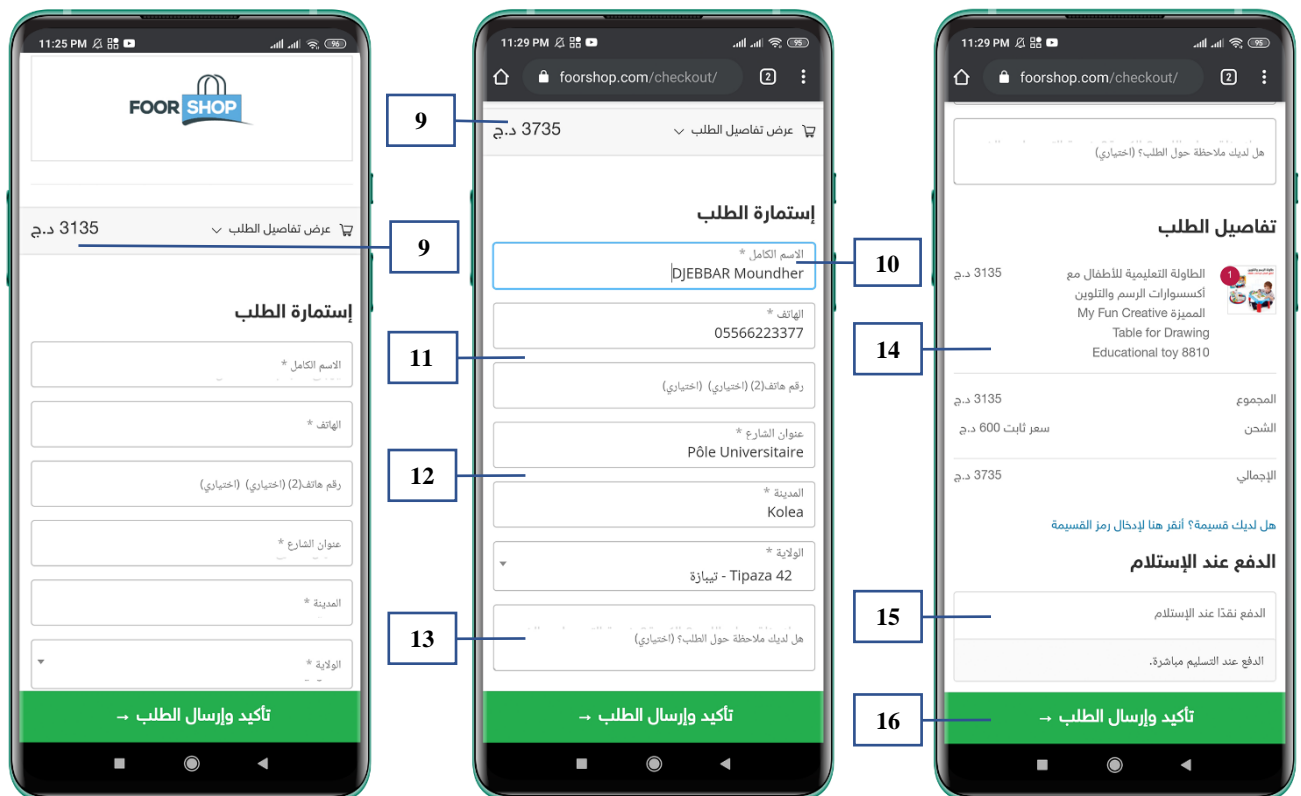
Established by the researcher

After reviewing all the given details about the product and once the customer decides to purchase the product, they need to click on the “buy now button”. They will be redirected to the order page.

1.2. Filling the contact information (The order page)

In order to place an order, the customer needs to fill the required fields with valid information.

The figure below displays the customer’s experience on the order page.

Figure N° 2: The customer experience on the order page

We can see that *foorshop.com* asked only for the information needed in order for the product to be delivered to the customer, unlike other web merchants who impose a registration to the user before the checkout.

The design of the store is very appealing to the user and the order page is made in a way to facilitate the placement of the order, even for a first-time experience. It also inspires the customer comfort and trust; especially that all the contact and location information of this e-commerce business are clearly displayed on the website¹.

More details about the previous figure can be found in the following table.

Table N° 4: Different sections of the order page

Reference	Section Name	Details
9	Due amount	Variable amount that changes according to the filled information (delivery address, quantity)
10	Full name	The customer needs to type their name in this field
11	Phone number	The customer needs to type their phone number in this field (a secondary phone number field is recommended by this seller; in case the 1 st number is unreachable)
12	Delivery address	The customer needs to type the address where they want their order to be shipped to.
13	Extra notes	If there are any indications for the delivery or the packaging
14	Order details	A detailed summary about the order, it includes the product price, the shipping price and the total due amount of money
15	Payment method	The cash on delivery is the only payment method offered by this seller
16	Confirmation button	The customer needs to click on this button in order to confirm and send their order

Established by the researcher

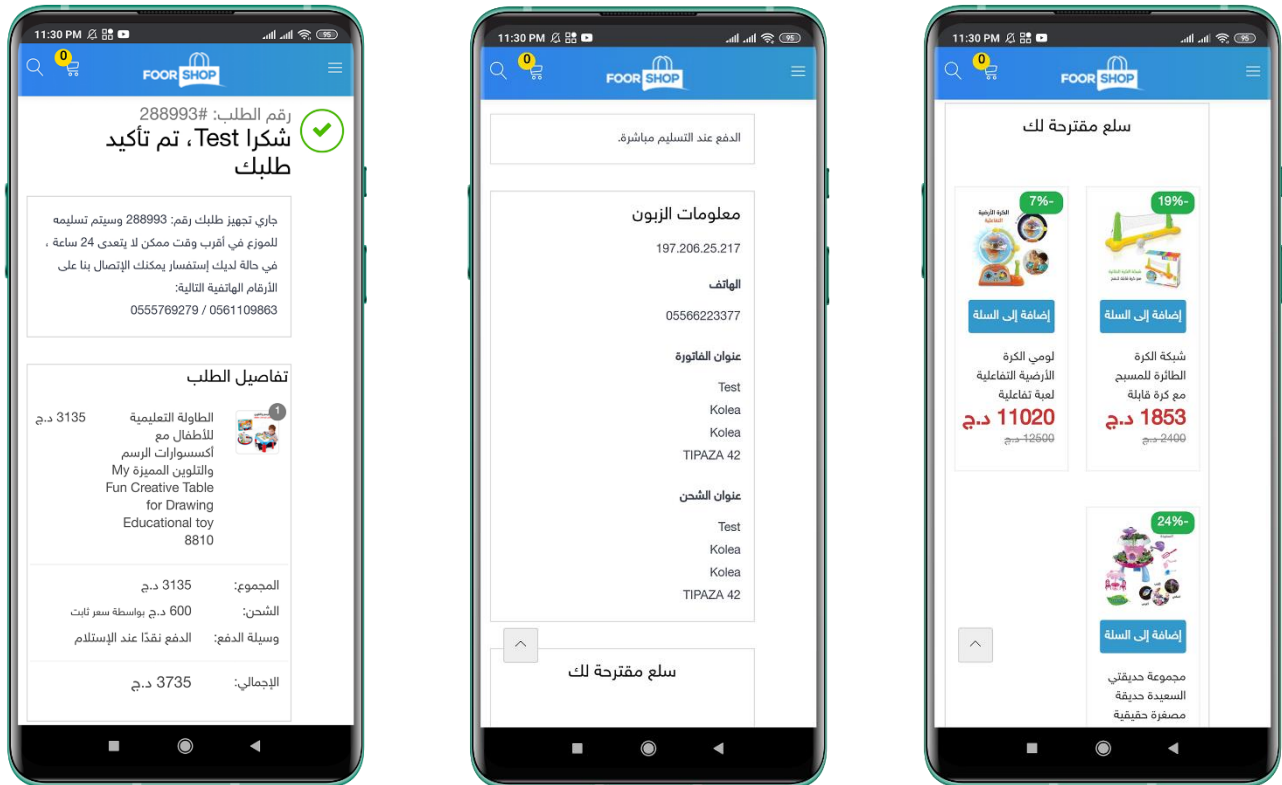
Once the customer fills all the required fields, the total due amount will be updated according to the shipping address / quantity of the order. After clicking on the confirmation button, the order will be registered, and the shopper will be redirected to the thank you page.

¹ <https://foorshop.com/about-us/> Visited on September 24th, 2020

1.3. Confirming the order submission (The thank you page)

Once the customer clicks on the confirmation button, they are redirected to the last page which displays a summary about their order. The following figure shows an example of a *thank you page*.

Figure N° 3: The customer experience on the thank you page



Foorshop.com

The page shows a thank you message attached to the number of the customer's order. The shopper can scroll down to find all the details about the order they just placed. Customer services numbers are also shown for more transparency. At the bottom of the page, more related products are displayed.

2. Comparison between the e-payment method and the COD payment method

The cash on delivery payment and electronic payment can be both suitable for a satisfying online shopping experience for customers, the difference between these two remains mainly in the form and time of payment. The following table summarizes different axis of this difference.

Table N° 5: Differences between e-payment and COD payment

Payment method	E-payment	Cash on delivery
Stakes		
Payment time	Before delivery	After delivery
Payment mean	Electronic funds transfer	Cash / Any accepted payment method on spot
Delivery type	By mail / Hand to hand	Hand to hand
Customer availability	Not required on delivery	Required on delivery

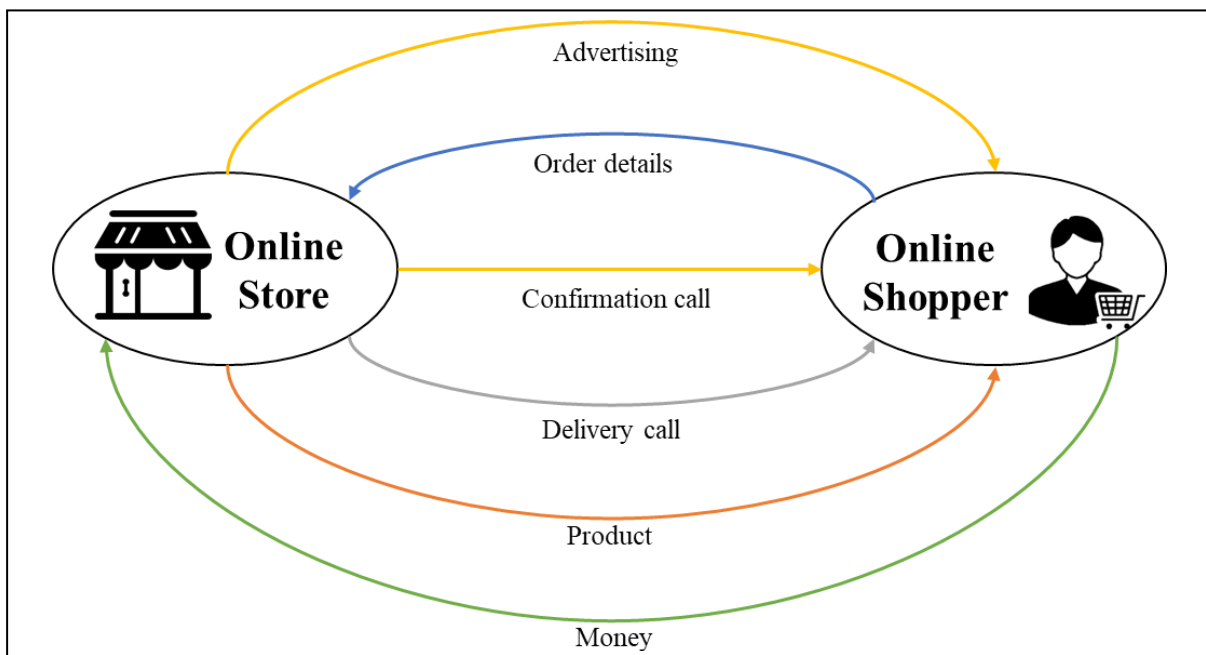
Established by the researcher

Section 2: Cash on delivery from the e-sellers' perspective

In this second section, we approach the COD gateway from the perspective of businesses. We focus on the possible implementation types inside an e-commerce business and we tackle the different pros and cons of each one of them

1. Direct implementation of the cash on delivery gateway in an e-commerce business

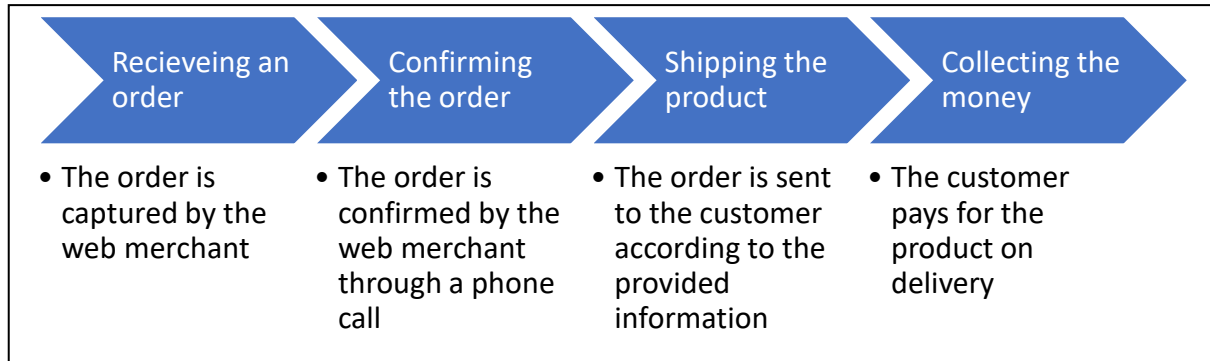
The cash on delivery model can be used in two different ways. The first way is the direct one, this means that the web merchant not only handles the orders' management but also the orders' delivery. The following figure shows the different interactions between the web merchant and the customer inside a direct cash on delivery model.

Figure N° 4: Different interactions inside the direct COD model

Established by the researcher

In other terms, the web merchant is the part responsible for delivering the product and collecting the money. We can summarize this process in 4 main steps as shown in figure below.

Figure N° 5: Direct implementation of the COD gateway inside an e-commerce business



Established by the researcher

Step 1: A customer places an order on the e-commerce store specifying the product they want and its variations if there are any. The merchant receives the details of this order on his website,

Step 2: The web merchant inspects the order and tries to reach for the customer in order to confirm the details of the order, starting by the personal information and the delivery address and ending by the amount that will be payed and the variations (color, size, quantity...) if there are any. The seller also provides the customer with the shipping details: when will the product be delivered to them? Since the web merchant is the party responsible for the delivery, accurate information will be provided and more control of the delays will take place.

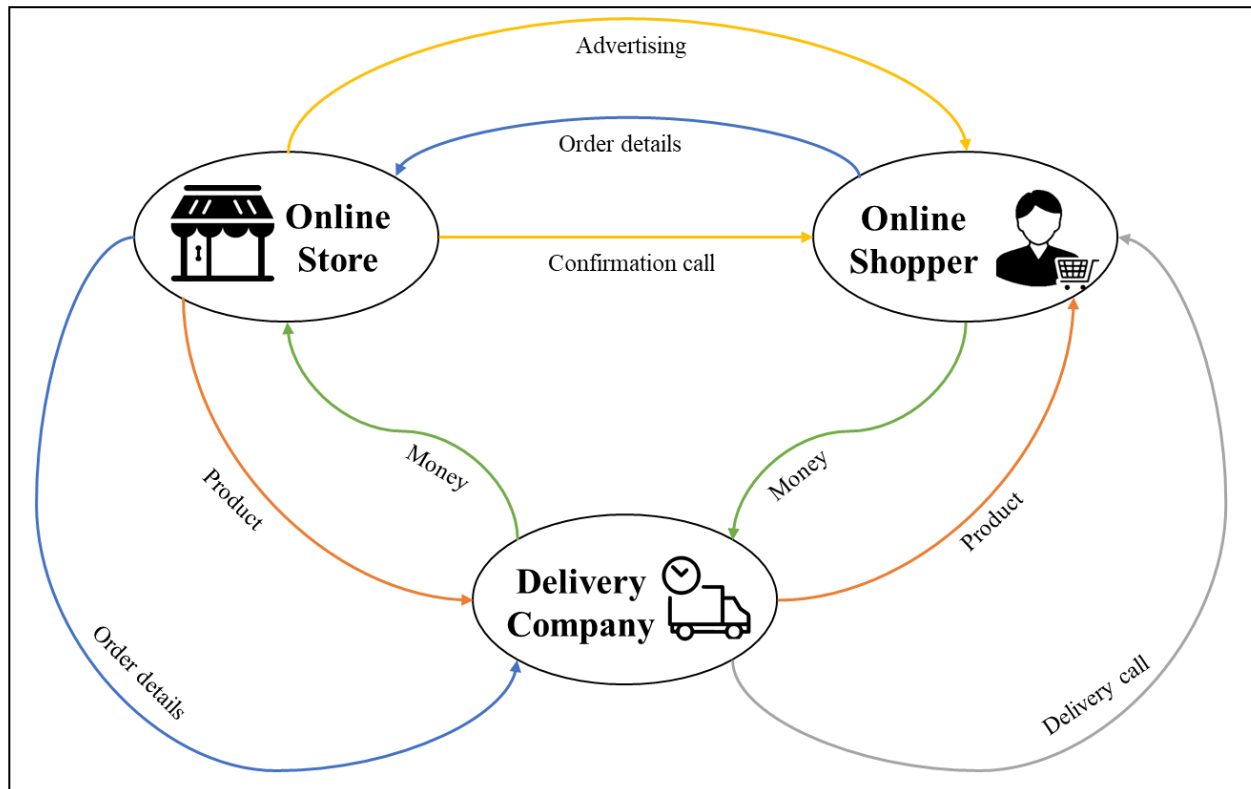
Step 3: The web merchant packs the product. On the day of the delivery the seller contacts the customer based on the information previously provided to schedule the time and the exact place of the delivery. The web merchant can deliver the products himself or by the help of his own delivery agents.

Step 4: Once the customer receives the product, and after inspecting that it meets all the requirements, they pay the courier the amount agreed on previously (In most cases, it is printed on the receipt).

2. Implementing the cash on delivery gateway through an intermediary company

The second way of implementing the COD gateway is the indirect one, it means that the use of an intermediary that ships the goods is mandatory. It is the commonly used way since not many web merchants have the ability to manage the delivery of their orders on the whole Algerian territory. The following figure displays the interactions between the three parts involved in this model.

Figure N° 6: Different interactions inside the indirect COD model



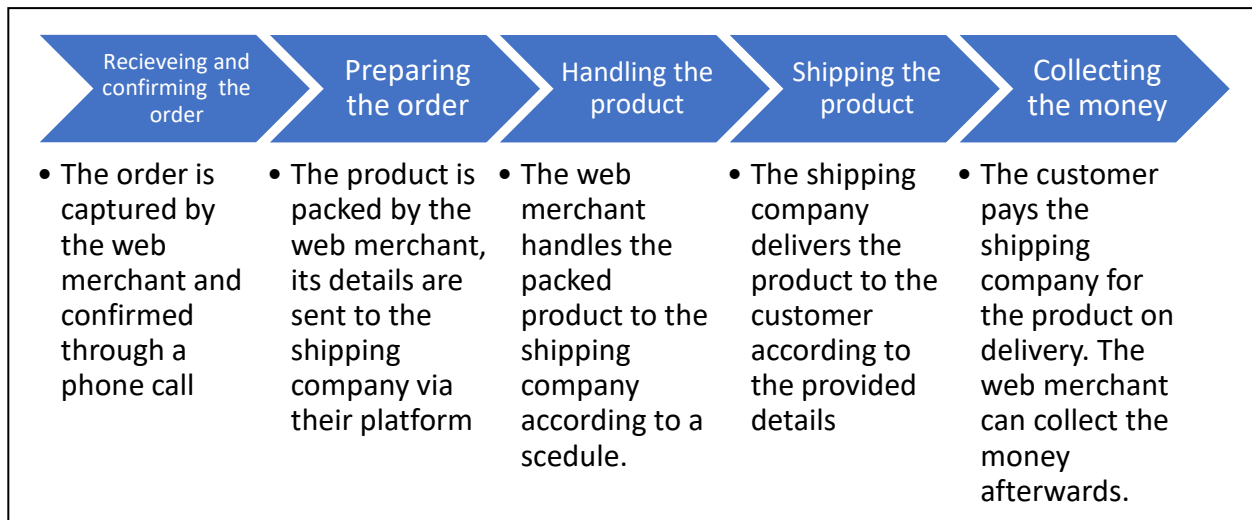
Established by the researcher

There are two cases -or models- to the indirect implementation, the case where the intermediary company offers the shipping services only, and the case where it offers besides the shipping the fulfillment and warehousing services.

2.1. Implementation via a shipping company only

In this first model, the web merchant deals with three main tasks: Capturing orders after marketing for his products, managing the confirmation process, and packing the goods and making them ready to be delivered. The figure below clarifies this kind of implementation.

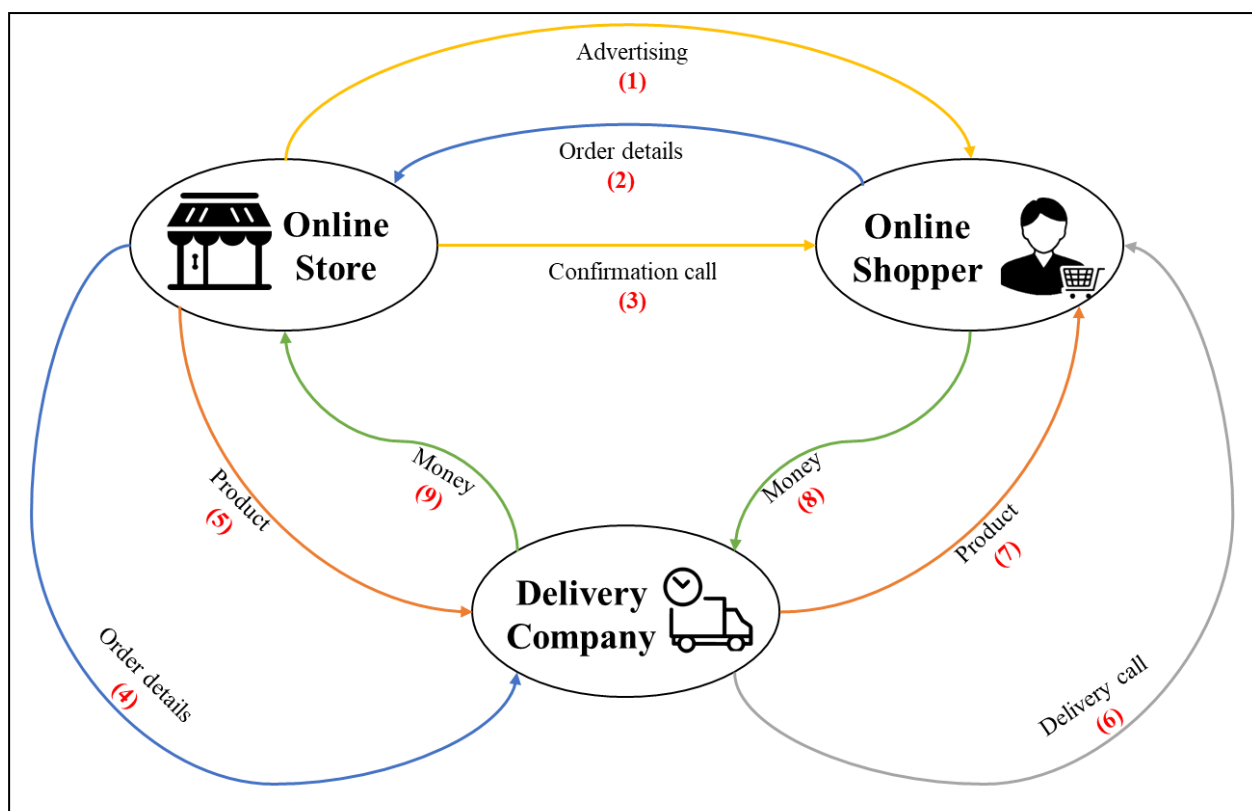
Figure N° 7: Implementation of the COD gateway inside an e-commerce business via a shipping company



Established by the researcher

This process can be summarized using figure N°6, the obtained result is as follows:

Figure N° 8: Different interactions inside an indirect COD model using a delivery company

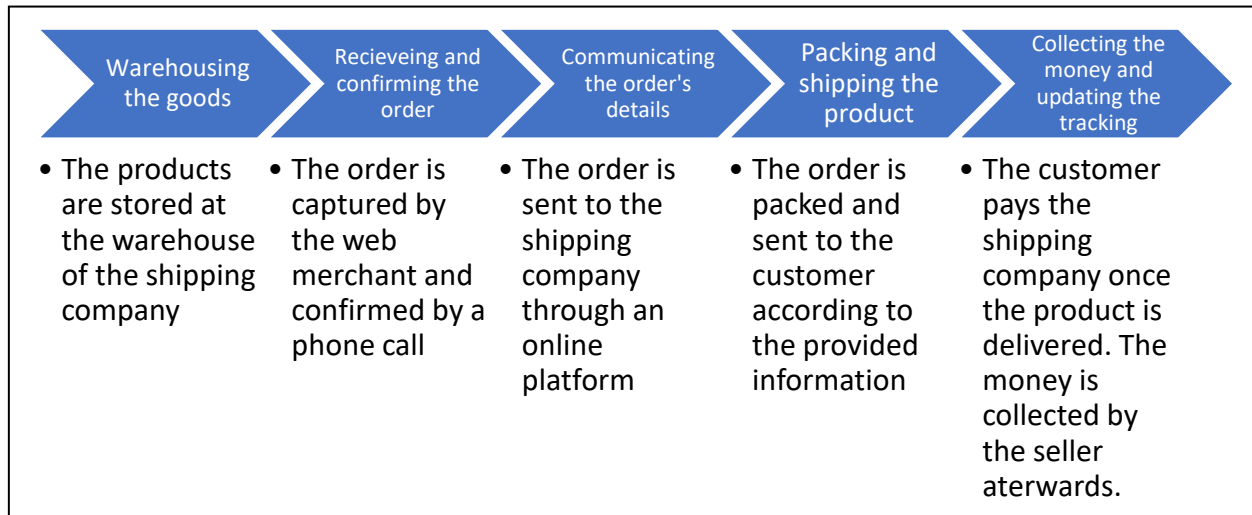


Established by the researcher

2.2. Implementation via a fulfillment and shipping company

In this case, the web merchant only focuses on marketing for his products and on managing the confirmation process. The figure below displays the 2nd type of indirect implementation.

Figure N° 9: Implementation of the COD gateway inside an e-commerce business via a fulfillment company



Source: Established by the researcher

Step 1: The web merchant provides the intermediary company with a stock of products. The goods are labeled and stored in the company's warehouse, ready to be packed and shipped.

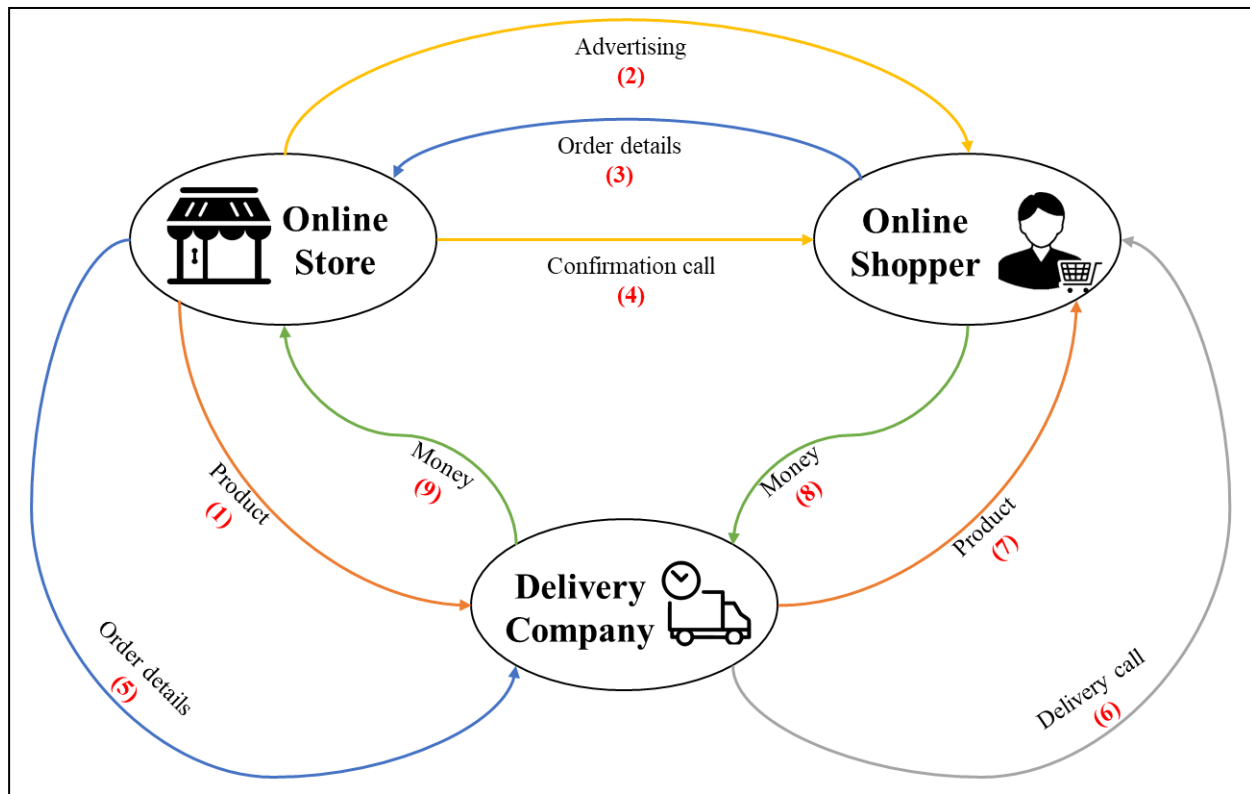
Step 2: The web merchant manages to get orders online. The details of the orders are confirmed with customers via a phone call according to the provided information.

Step 3: The web merchant adds the confirmed orders to the online platform of the shipping company

Step 4: The intermediary company packs the products and prints the labels according to the orders provided by the web merchant. The products get delivered according to the company's shipping schedule.

Step 5: The courier of the shipping company collects the money from the customers once the product is delivered to them. The web merchant is paid by the company according to their payment policy and schedule.

Figure N° 10: Different interactions inside the indirect COD model using a delivery and fulfillment company



Source: Established by the researcher

The figure above shows the different interactions between the involved parties and displays the process of fulfilling an order starting from stocking it and ending by delivering it to the customer.

3. Analysis of the different cash on delivery implementation types

In order for an e-seller to integrate the COD gateway in their business model, they need to pick one of the three mentioned implementation types above. The e-seller can also opt for more than one type at a time. The following table shows an evaluation of different aspects of the three COD types seen from the perspective of a web merchant.

Table N° 6: Evaluation of different types of COD gateway implementation

		Type	Direct	Indirect via a shipping company	Indirect via a fulfillment company
		Aspect			
Control	Delays		Large	Small	Medium
	Flexibility		Large	Small	Medium
	Customer experience		Large	Medium	Small
	Costs and cash flow		Large	Medium	Small
Logistics	Delivery area		Small*	Large	Large
	Expenses		High	Low	Medium
	Data protection		High	Low	Low

*relative to the available means of the e-seller

Source: Established by the researcher

Partial conclusion

In this second chapter, and after tackling the core working model of the cash on delivery gateway from both the customers' and the businesses' perspective, we can say that this payment method is suitable for an economic environment that has not been yet exposed to a digitization process. In other terms, the COD payment is ideal to be employed inside developing countries.

Nevertheless, many aspects and factors need to be dealt with correctly in order to assure an efficient implementation and a practical way of using this payment gateway.

Chapter III: Methodology

In this chapter, we present the methodological approach used in order to deal with the topic of this research. We highlight the logic that stands behind its structure and we clarify the methods used for data collection.

1. The conceptual model of the research

This research aims to study the efficiency of the cash on delivery as an alternative payment gateway to e-payment for e-commerce businesses in Algeria. It digs into the factors that may affect this model of payment from the perspective of the company that hosted the candidate during his internship. This company which is named SPEED EXPRESS plays the role of an intermediary between customers and e-commerce store owners.

In other terms, we will try to respond to our main research question, which is:

Is the cash on delivery payment gateway a good alternative to e-payment in order to sell goods online in Algeria?

And this leads us to verify the following hypothesis:

- **Hypothesis 1:** *Cash on delivery is a good alternative for e-payment to sell goods online, once the factors playing on its efficiency are well controlled.*

2. Research methodology in theory

Research methods are the guidelines drew by researchers in order to conduct a research. Adapting them to a topic and following them correctly allows the thesis to reach meaningful conclusions.

Research approach can be divided into two types: qualitative and quantitative approach. The following table highlights the difference between these two methods.

Table N° 7: Difference between qualitative and quantitative approach

Criteria	Qualitative	Quantitative
Purpose	To understand and interpret social interactions	Test hypotheses, look at cause and effect and make predictions
Group Studied	Smaller Not randomly selected	Larger Randomly selected
Variables	Study of the whole, not variables.	Specific variables studied
Type of Data Collected	Words Images, Objects	Numbers Statistics

Form of Data Collected	Qualitative data such as: <ul style="list-style-type: none"> • open- ended responses • interviews • participant observations • field notes • reflections 	Quantitative data based on: <ul style="list-style-type: none"> • precise measurements • using structured validated data-collection instruments
Type of Data Analysis	Identify patterns, features, themes	Identify statistical relationships
Objectivity and Subjectivity	Subjectivity is expected	Objectivity is critical
Role of Researcher	Researcher & their biases may be known to participants in the study Participant characteristics may be known to the researcher	Researcher and their biases are not known to participants in the study Participant characteristics are deliberately hidden from the research (double blind studies)
Results	Particular or specialized findings that is less generalizable	Generalizable findings that can be applied to other populations
Scientific Method	Exploratory or bottom-up: the researcher generates a new hypothesis and theory from the data collected	Confirmatory or top-down: the researcher tests the hypothesis and theory with the data
View of Human Behavior	Dynamic Situational Social Personal	Regular Predictable
Most Common Research Objectives	Explore Discover Construct	Describe Explain Predict
Focus	Wide-angle lens Examines the breadth and depth of phenomena	Narrow-angle lens Tests a specific hypothesis
Nature of Observation	Study behavior in a natural environment.	Study behavior under controlled conditions Isolate causal effects
Nature of Reality	Multiple realities Subjective	Single reality Objective
Final Report	Narrative report with contextual description Direct quotations from research participants	Statistical report with correlations comparisons of means statistical significance of findings

Source: Johnson, B., & Christensen, L. (2008). Educational research: Quantitative, qualitative, and mixed approaches (p. 34). Thousand Oaks, CA: Sage Publications.
Lichtman, M. (2006). Qualitative research in education: A user's guide (pp. 7-8). Thousand Oaks, CA: Sage Publications

3. Research methodology in the current study

In order to deal with the topic of this research, and since we're in a full practical position to dig into a subject that lacks data and theoretical resources, we chose to follow an inductive approach so that we can cover as much perspectives as possible.

So as to achieve reliable results, we opted for different manners to collect data, in other terms; we went for various sources of information, and this, by following qualitative exploratory steps. We collected information in a two steps process:

- Primary sources: Case study based on statistical and accounting data
- Secondary sources: Observation and Interviews with the company's staff.

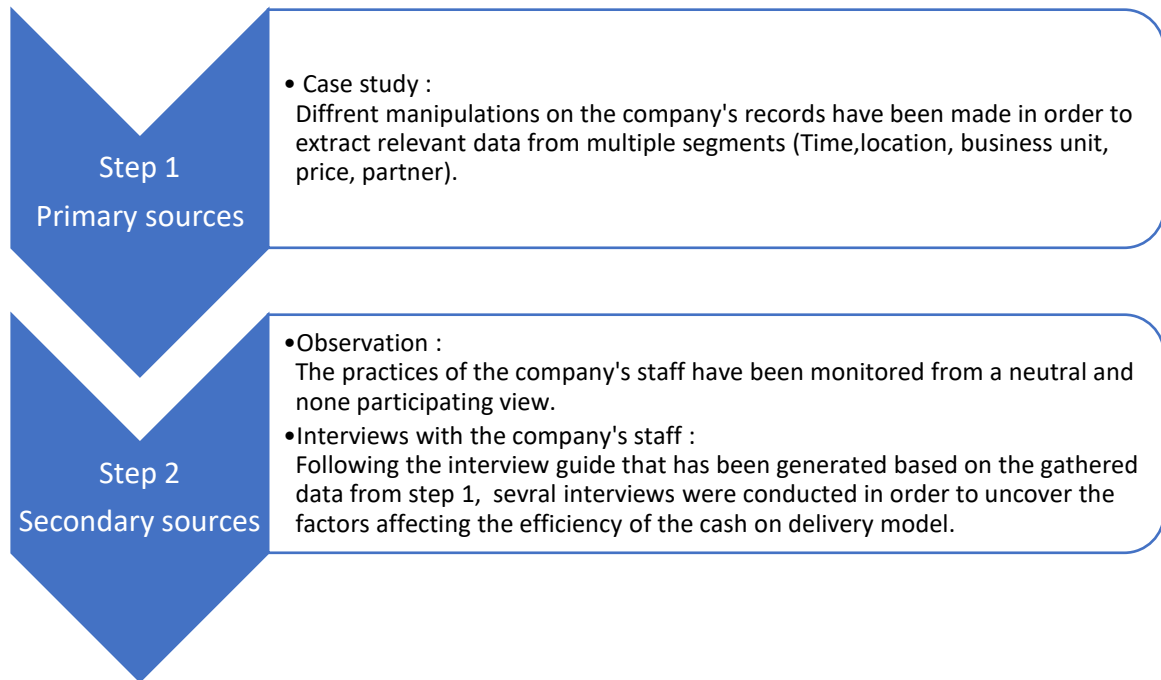
The qualitative approach is considered as the best method to get a description of the reality while considering the environmental context and all the interactions between the different factors affecting the situation.

3.1. Primary sources of data

As a first step in the process of the collect of information, we have run a case study using the company's records of daily operation and database of orders as a starting ground, from where we tried to position ourselves Infront of the research question.

3.2. Secondary sources of data

The observation and the interviews allow us to solidify data and verify the findings of the case study. In other terms, going through the company's records allowed us to position ourselves in front of the research question to correctly be able to tackle it. As a result of that, we were able to generate relevant and related questions to the topic of the research. Those questions were used in the conducted interviews that have permitted to collect and verify information about the factors colliding with the COD model.

Figure N° 11: Methodology of the research

Established by the researcher

4. Data collection methods

So as to collect relevant information to the research topic and in a correct way, the following methods have been used.

4.1. Case study

In order to have a closer look on the delivery status of orders, we have chosen to take into consideration the daily records of the company. Through a database of more than 40,000 orders we have opted to only include in our study the orders that have been added in the period starting from 01/09/2019 to 30/11/2019. The choice of this exact period of time has been made as result of the following reasons:

- The company put into action a new online platform of order management in August 2019.
- The software used before August 2019 is not cloud based.
- From December 2019 till January 2020, the company had some management problems as a result of their process of expansion to cover other wilayas. The expansion was cancelled in February 2020.
- The COVID-19 outbreak has affected the consistency of orders starting from March 2020.

Our main objective from going through these records is to extract factors and elements that can affect the efficiency of the cash on delivery model. Dealing with a database of orders leads

automatically to numbers manipulations, which means that the use of descriptive statistics in this phase is mandatory.

4.2. Observation

The observation is considered as one of the best methods of data collection when exposed to a foreign and unfamiliar environment. As a matter of fact, visiting SPEED EXPRESS' headquarter and being able to witness the different operations on the field has allowed to gather consistent data about the research topic. In addition, the process of observation permitted to frame and explain some of the findings we got in the analysis of the company's records.

It is important to point out that the researcher followed a covert non-participant observation, where he did not reveal that he is investigating the different factors colliding with the cash on delivery, and the delivery rate inside the company.

The aim of this observation process is trying to identify the effects of the internal practices inside the company on its numbers and records - studied statistics -. These practices will be highlighted and the that allows to whether use them to explain the content of the records or to isolate their effect in order to not let it affect the generalization of the findings.

In order to sort and evaluate the different observed practices inside the company, we have elaborated the following observation grid.

Table N° 8: The observation grid

Operation	Responsible	Evaluation score	Effect on DR	Remarks

Established by the researcher

4.3. Interviews

The researcher elaborated an interview guide that allows the verification of the previous gathered information (from step 1) and the exploration of new data that may help in this study.

The interview guide is available on the appendix section - see appendix (A) -

The conducted interviews are shown in the following table.

Table N° 9: The list of the conducted interviews

N°	Function	Experience	Duration	Type	Date
1	Delivery Agent	+ 3 years	55 minutes	Physical	30/08/2020
2	Manager	+ 3 years	47 minutes	Physical	06/09/2020
3	Delivery Agent	+1 year	37 minutes	Via phone call	02/10/2020
4	Delivery Agent	2 months	17 minutes	Via phone call	02/10/2020

Established by the researcher

The gathered information from the four interviewees have been recorded in order to be transcribed and coded so as to treated correctly.

It is important to point out that the used language in the interviews is a mixture between the Arabic Algerian dialect and the classical Arabic language (The original used script is available in the appendix section: Interview Guide, Arabic Version (Original Version))

Chapter IV: Empirical Study

Introduction

In the midst of all the challenges that e-payment and e-commerce are facing in Algeria, several companies -and especially shipping companies- have found this situation an opportunity to exploit the cash on delivery niche.

The candidate had the privilege to witness one of these companies in the field of action as a part of his internship.

In this Chapter we deal with data provided by SPEED EXPRESS, we tackle the deliverability rate through various segments: Time, area, price and business unit. Moreover, we will get into the factors and the brakes affecting the delivery rate as seen from the perspective of the company and its workers.

Section 1: General overview of the company

In this section, we present the company and display its work model.

1. Presentation of the company

SPEED EXPRESS is a company that has been created in January 2019. It offers for e-commerce businesses the solution of money collection after the delivery of products. By July 2020 the company has dealt with more than 65 e-commerce stores and received more than 40,000 order.

SPEED EXPRESS mainly deals in the B2C segment, it is an intermediary between e-commerce stores and their customers. It offers the following services:

- Product warehousing;
- Order packaging and fulfillment;
- Order delivery and tracking in 15 Eastern wilaya;
- Money collection from customers.

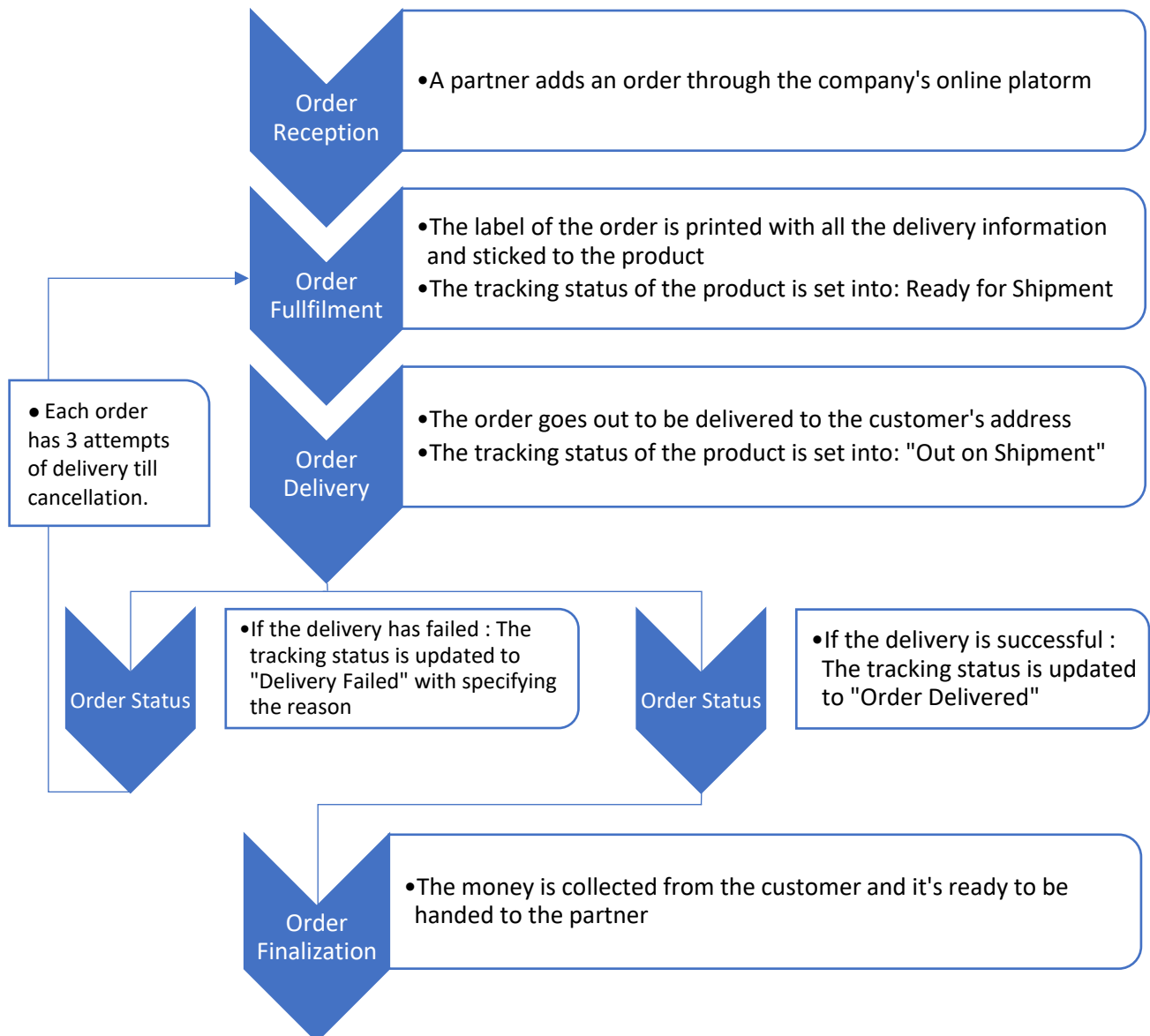
2. The practical training with SPEED EXPRESS

As part of his internship, the candidate has been able to observe closely the work model of the company, starting from contracting a partner – e-commerce store owner –, passing by fulfilling their orders, updating the tracking information and ending by handing back the amount of money collected from customers.

2.1. The work model of the company

The main process of order fulfillment and delivery can be summarized in the figure that follows:

Figure N° 12: Work model of SPEED EXPRESS



Established by the researcher through observation

After contracting a partner and receiving their products in the warehouse of the company, the fulfillment and delivery process can start.

Step 1: Through a special account created for each specific partner on an online platform, the e-trader can add orders.

Step 2: Once the partner has added an order, the company starts printing the label and prepares the packaging (which is an optional choice)

Step 3: The order goes out to be delivered in 1 – 6 business days.

Step 4: In the case where the order has failed to be delivered, it goes back to the warehouse and follows the same process from step 2 (The company allows each order to go out 3 times depending on the reason of the failure of the delivery).

Example:

The customer does not respond to calls or not reachable: the order heads to attempt 2

The customer decides to cancel the order himself: the order is cancelled immediately

Otherwise, and if the order is successfully delivered, the product is handed to the customer and the money is collected.

Step 5: The money is transmitted by the delivery agent to the company's responsible where it will be accounted and set ready to be received by the partner.

During all the steps, the tracking is updated according to the following table and depending on the case

Table N° 10: Order tracking and follow-up

Order Status	Details
New order	The order has just been placed by the partner and no changes has been made to it so far
Ready for shipment	The order has been packaged and sorted with the wilaya of destination
Out on delivery	The order went with the delivery agent
Cancelled	The order has been cancelled
Delivered	The order has been successfully delivered and the money has been collected
No response	The customer is not responding to the calls of the delivery agent
SMS	Due to no response, an SMS has been sent notifying the customer about the delivery
Unreachable	The customer's phone number is unreachable
Delayed	The order is delayed by the will of the customer
Payed	The cost of the order has been transferred to the partner

Established by the researcher from observation

2.2. Overview of the online platform of the company

Once a partner is contracted with SPEED EXPRESS, they get an access to an online platform where they can add orders and track them.

The picture below is screenshot from the page where a new order is added.

Figure N° 13: Order addition

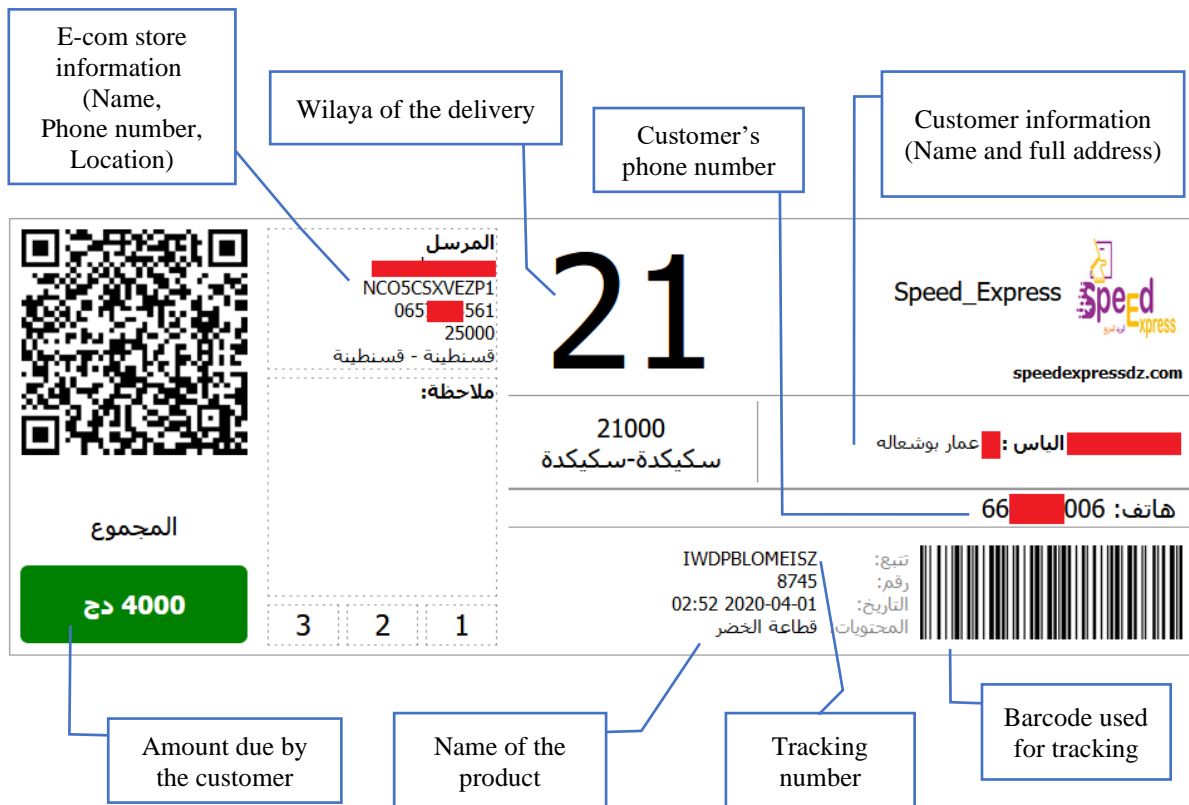
The screenshot displays a form for adding a new order, divided into two main sections: 'معلومات المستلم' (Recipient Information) and 'معلومات حول الطرد' (Parcel Information). The form includes the following fields and options:

- معلومات المستلم (Recipient Information):**
 - الإسم و اللقب (First and last Name)
 - رقم الهاتف (Phone number)
 - الولاية : ام البواقي (Wilaya: Am el Bouayachi) - Other options include: سطييف, جيجل, ميلة, تيسة, بسكرة, باتنة.
 - المدينة : يرجى اختيار الولاية أولا (City: Please select the wilaya first) - Other options include: سوق اهراس, خنشلة, الطارف, برج بوعريريج, قسنطينة, قالمة, عنابة, سكيكدة.
 - التكلفة : يرجى تحديد المدينة أولا (Cost: Please specify the city first)
 - العنوان بالكامل (Full address)
- معلومات حول الطرد (Parcel Information):**
 - المحتويات (Product name (Content))
 - القيمة المستحقة (دج) (Product cost)
 - رمز خاص (Special field)

Source: speedexpressdz.com

As explained before, once an order is added, a label containing this information is printed and stucked on the product. Here's an example of the label generated by the online platform:

Figure N° 14: Printed label



Source: speedexpressdz.com

Section 2: Data analysis and findings

As it was explained in the previous chapter, the study follows a two steps process. Step one consists of elaborating a case study on the company's records where we try to pull out some descriptive data from the findings. The results of the first step feed the course of step two. The observation results frame the findings and conducting the interviews results in uncovering the elements affecting the efficiency of the cash on delivery model.

1. Case study

As a first step, we elaborate a case study based on the content of the database of the company.

1.1. The Delivery Rate

In this study, and in order to estimate numerically the efficiency of the COD model, we have chosen to identify the delivery rate as our primary key performance indicator.

This indicator gives us the percentage of the delivered orders compared to the total number of orders received by the company.

The formula used to calculate the DR is as follows:

$$\text{Delivery Rate} = \frac{\text{Delivered Orders}}{\text{Total Number of Orders}} \times 100$$

We try to include this KPI into different segments with the intention of extracting factors affecting the delivery of goods to customers.

1.2. Segmentation of the company's delivery records

Based on the company's database, we have been able to create tables describing the delivery status by performance, and this, by including the DR as our main KPI. These tables were segmented by time, delivery location, business unit, partner and product cost.

1.2.1. Breakdown of the Delivery Rate by Time

As a first segment of analysis, we chose to go for time periods. We wanted to know if the time period can be considered as a factor that affects the COD model. We divided the period on 3 months, and dealt with each month apart.

Table N° 11: Breakdown of the delivery rate by time

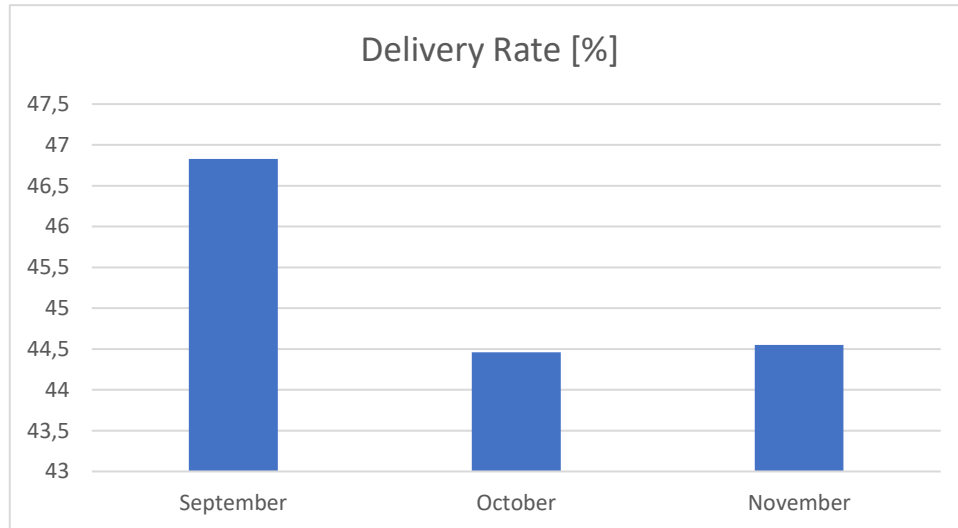
Month	September	October	November	SUM	Average
Number of Orders	948	1417	927	3293	-
Delivered Orders	444	630	413	1487	-
Delivery Rate [%]	46,83	44,46	44,55	45,17	45,28

Established by the researcher based on the company's database

We can observe that in September and November, the company has received a close number of orders. On the other hand, October exceeds each of the two months in the number of orders by approximately 470 orders. Nevertheless, the delivery rate stays almost the same. The average is around 45,28 % with a standard deviation that's equal to 1,35.

Since the delivery rate didn't change much over these three months, we can say that the possibility of considering time as factor that affects the delivery rate can be omitted.

The following figure illustrates these results.

Figure N° 15: Breakdown of the delivery rate by time

Established by the researcher based on the company's database

1.2.2. Breakdown of the Delivery Rate by Location

As a second segment, we chose to deal with the delivery location. We sorted orders that have been received in the period of the study (September 2019 – November 2019) by their wilaya of delivery. The result is showed on the table below. The values are sorted in a descending order according to the delivery rate column.

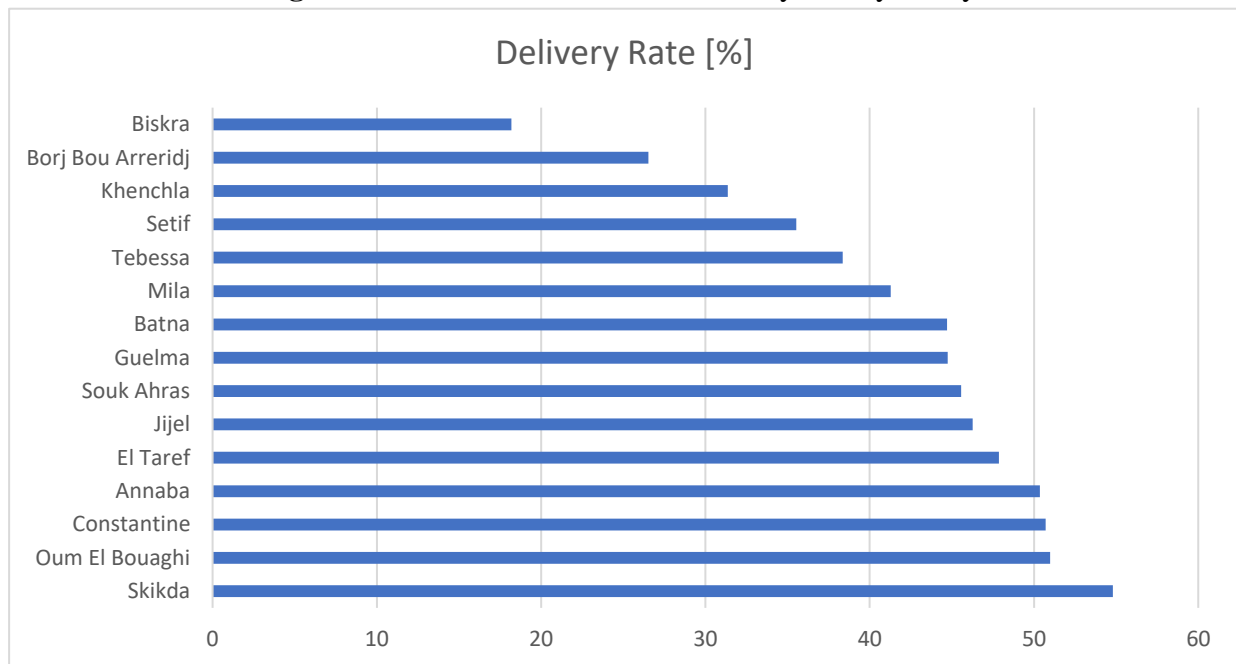
Table N° 12: Breakdown of the delivery rate by Wilayas

Wilayas	Number of Orders	Delivered Orders	Delivery Rate [%]
Skikda	323	177	54,80
Oum El Bouaghi	204	104	50,98
Constantine	562	285	50,71
Annaba	419	211	50,36
El Taref	94	45	47,87
Jijel	201	93	46,27
Souk Ahras	90	41	45,56
Guelma	152	68	44,74
Batna	378	169	44,71
Mila	172	71	41,28
Tebessa	133	51	38,35
Setif	287	102	35,54
Khenchla	118	37	31,36
Borj Bou Arreridj	49	13	26,53
Biskra	110	20	18,18
SUM	3292	1487	45,17
Average	-	-	41,82

Established by the researcher based on the company's database

We can see that there's a noticeable difference between the delivery rates when sorted by location. The higher rate is 54,80 % in the wilaya of Skikda, and the lowest rate is 18,18 % in the wilaya of Biskra. The standard deviation of these values is equal to 7,95. With that being said, the location of the customer should be included in our study as a factor that may affect the delivery rate. The following figure displays the delivery rate of each Wilaya.

Figure N° 16: Breakdown of the delivery rate by Wilayas



Established by the researcher based on the company's database

1.2.3. Breakdown of the Delivery Rate by Business Unit

Continuing with the same logic of analysis, we sorted orders according to the type of goods being sold. We gathered each type in a general business unit that represents it. The following table shows some examples of products found in each business unit.

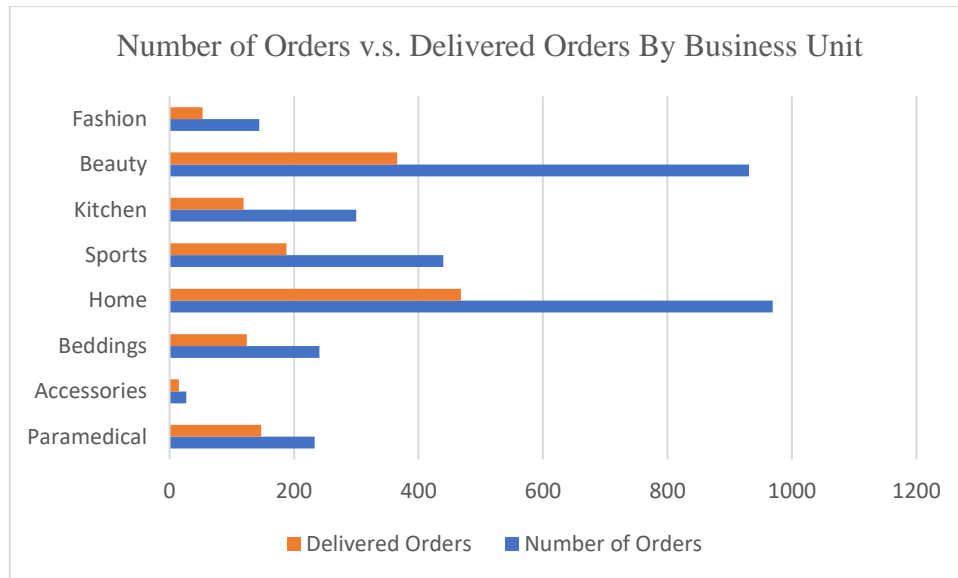
Table N° 13: Business units

Business Unit Name	Examples of Products
Paramedical	Posture correcting belts, neck supports, orthopedic insoles.
Accessories	Phone covers.
Beddings	Bed covers, curtains.
Home	Lamps, cleaning tools, tables.
Sports	Workout products, slimming belts.
Kitchen	Kitchen tools and utensils.
Beauty	Hair straighteners, trimming machines, hairbrushes.
Fashion	Shoes, backpacks, watches, glasses.

Established by the researcher based on the company's database

The result of sorting orders according to their nature, and performing a comparison between the number of received and delivered orders is displayed in the chart below.

Figure N° 17: Breakdown of the delivery rate of the received and delivered orders by business units



Established by the researcher based on the company's database

We can notice that the categories of “Home” and “Beauty” dominate the chart in the number of total orders received.

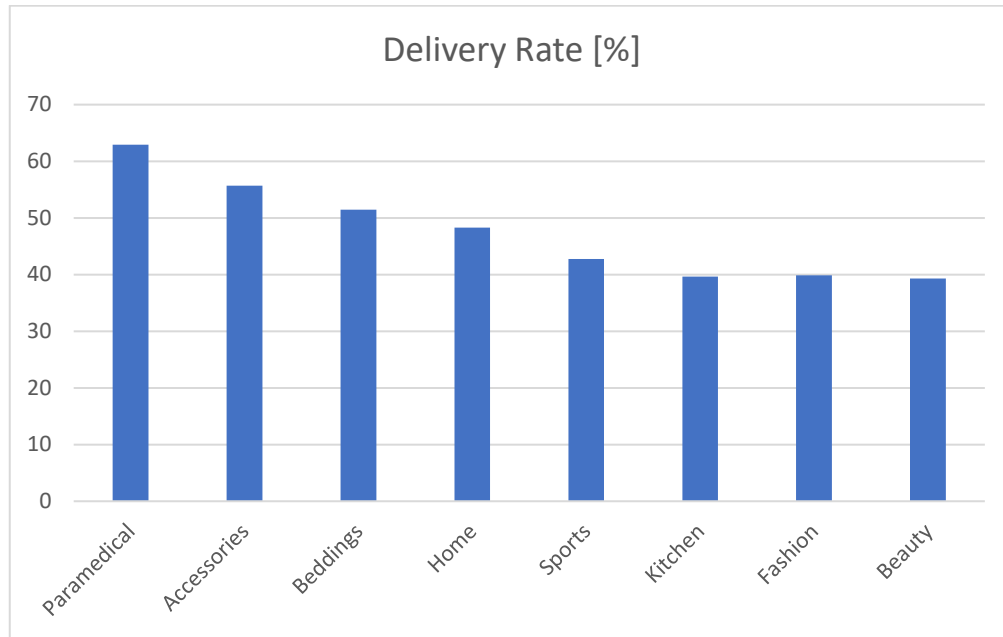
Once we calculate the delivery rate, we have the following values.

Table N° 14: Breakdown of the delivery rate by business units

Business Unit	Number of Orders	Delivered Orders	Delivery Rate [%]
Paramedical	232	146	62,93
Accessories	26	15	55,69
Beddings	241	124	51,45
Home	969	468	48,30
Sports	440	188	42,73
Kitchen	300	119	39,67
Fashion	153	61	39,87
Beauty	931	366	39,31
SUM	3292	1487	45,17

Established by the researcher based on the company's database

As it's shown on the table, the paramedical category has the highest delivery rate, while the fashion category has the lowest. The following chart illustrates this difference in the delivery rate.

Figure N° 18: Breakdown of the delivery rate by business units

Established by the researcher based on the company's database

We can conclude that the nature of product can play a role in the efficiency of the delivery process.

1.2.4. Breakdown of the Delivery Rate by Partner

As a fourth segmentation, we chose to sort the orders by the partner issuing them (the e-commerce store). In the period of study, we have in total 14 partners whom names are kept anonymously due the company's policy. The partners sell different types of products as shown in the business unit column.

Table N° 15: Breakdown of the delivery rate by contracted partners

Partner Reference	Number of Orders	Delivered Orders	Business Unit	Delivery Rate [%]
ES 1	18	12	Beauty	66,67
ES 2	48	32	Fashion, Accessories, Beauty	66,67
ES 3	804	425	Beauty, Paramedical, Home	52,86
ES 4	241	124	Beddings	51,45
ES 5	196	91	Beauty, Fashion, Kitchen	46,43
ES 6	911	431	Home, Paramedical, Sports, Accessories, Fashion	47,31
ES 7	7	3	Beauty	42,86

ES 8	284	104	Beauty, Sports, Home, Paramedical, Kitchen	36,62
ES 9	103	39	Fashion	37,86
ES 10	330	119	Kitchen, Home, Beauty	36,06
ES 11	240	83	Sports, Beauty	34,58
ES 12	13	4	Beauty	30,77
ES 13	67	14	Beauty	20,90
ES 14	30	6	Kitchen, Fashion	20
SUM	3292	1487	-	45,17
Average	-	-	-	42,22

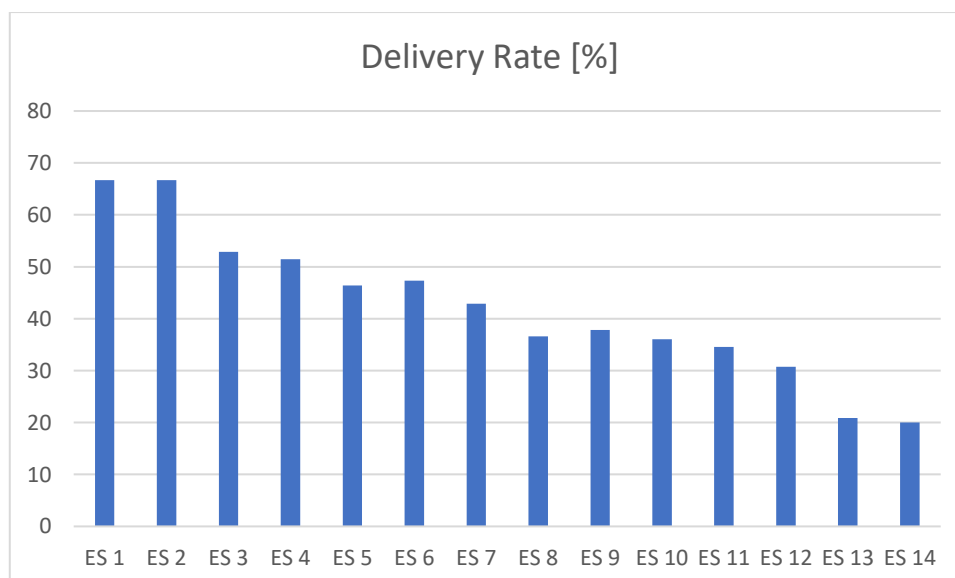
Established by the researcher based on the company's database

We can notice a huge difference between the delivery rates, there is a big variation in both delivery rates and number of orders. As a result of this we can say that the way each partner deals with their order can directly affect the delivery rate.

To explain more this point, each partner gets their orders by using different ways (Social media advertising, organic traffic, SEO...) and they use different manners to deal with these orders : For example, there are some partners who call their clients to confirm their order, while there are others who add the orders directly to the company's platform without contacting the clients.

Moreover, the quality of the traffic targeted plays a role here too, a client who saw an ad on social media and ordered the product because he liked how it looked is likely less interested in the product than someone who searched for it on google and placed his order coming from the process of searching. The following figure displays the variation between the delivery rate of each partner.

Figure N° 19: Breakdown of the delivery rate by e-sellers



Established by the researcher based on the company's database

1.2.5. Breakdown of the Delivery Rate by Product Price

After extracting data according through time, delivery location, business unit, and e-commerce store, we suspected that the delivery rate can be related to the product cost.

In the following table we sorted the received orders depending on how much the customer is going to pay the delivery agent.

Table N° 16: Breakdown of the delivery rate by product prices

Price Range [DA]	Number of Orders	Delivered Orders	Delivery Rate [%]
[0,3000]	1449	677	46,72
]3000,6000]	1473	680	46,16
]6000,9000]	305	107	35,08
]9000, ∞ [65	23	35,38
SUM	3292	1487	45,17

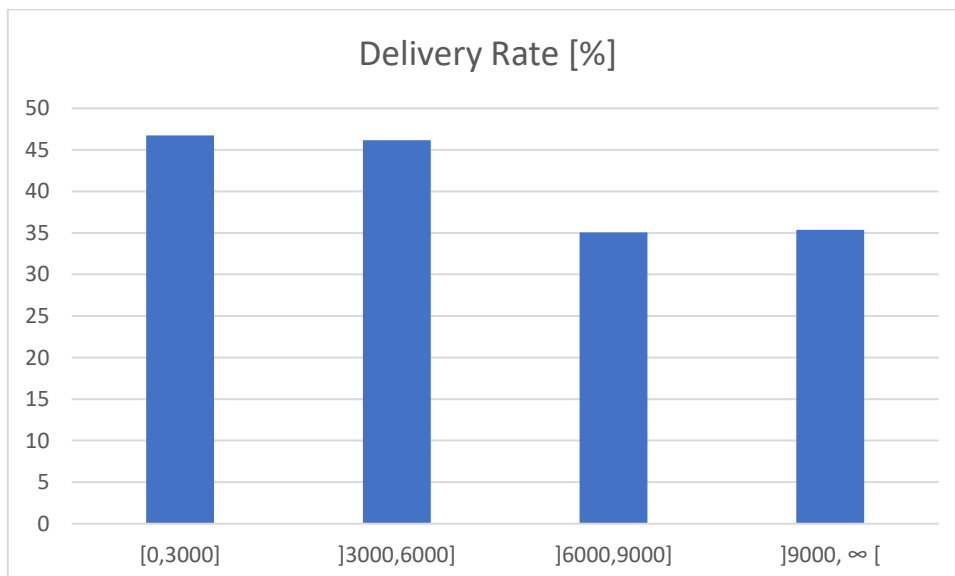
Established by the researcher based on the company's database

It is noticeable that we can regroup the four categories in two; when taking into consideration the delivery rate as a primary factor.

- For orders that cost less or equal to 6000 DA the delivery rate is around 46%
- For orders that cost more than 6000 DA the delivery rate is around 35%

The following figure illustrates these results.

Figure N° 20: Breakdown of the delivery rate by product prices



Established by the researcher based on the company's database

With that being said, the price of the delivered product is a factor that affects the delivery rate.

1.3. Results and discussions

As a result of the previous data manipulations we can conclude that, and in the limits of our study, the factors that can affect the efficiency of the delivery are: The delivery location, the type of product, the e-commerce store, the product price.

The time factor is be omitted due to the short study period and due to the discovered results.

In the next step, we try to dig more into these factors and try to explain the reasons behind the displayed numbers. The study is presented from the perspective of the staff of SPEED EXPRESS based on their experience in the field of payment on delivery. We conduct interviews with the main goal of gathering more data on the factors already found, and we try to search for other possible elements that may affect the efficiency of the delivery.

2. Observation

As a part of his internship, the researcher had the chance of observing different practices inside the company. These practices have been regrouped in the following table

Table N° 17: Evaluation of internal operations

Operation	Responsible	Evaluation score	Effect on DR	Remarks
Dispatching orders	Manager	Low	High	The schedule of preparing orders and handing them to the delivery agents is not fixed. It has been times where it was until 12pm that the orders were headed out from the warehouse in order to be delivered.
Collecting orders	Delivery agents	Medium	High	Sometimes the delivery agents do not come in time in order to pick up the orders.
Tracking update	Manager	Low	Medium	The orders status is never updated on a daily scale.
Partner payment	Manager	Low	Medium	The partners never get payed on their scheduled time.
Partner relations	Manager	Medium	Low	The partners try to maintain a good relation between them and the company since it is the only company in the Eastern region that offers money collect services with low prices and simple registration conditions.
Customer relations	Delivery agents	Medium	Medium	The delays in the order dispatch result in delays on the time of product delivery.

Established by the researcher from observation

2.1. Dispatching orders

Dispatching orders is one of the manager's responsibilities', this operation is summed up to:

- Printing labels and packaging
- Sorting the orders
- Handing the orders to the delivery agents

The respect of time and punctuality has been noticed and judged by the researcher as non-existent.

The time management inside the company is poorly carried out.

Not following a fixed schedule and giving small importance to punctuality affects directly and negatively the delivery rate.

2.2. Collecting orders

As a result, to the bad time management, the delivery agents got less serious in showing up in time.

It has been times where the delivery agents show up at 8am, but wait for 2 or 3 hours in order to be handed the orders to deliver.

2.3. Tracking update

Updating the tracking is the most important operation from the perspective of partners, knowing the orders' status allows them to act correctly on their marketing strategy regarding their products.

Unfortunately, the company does not update the orders' status in time, and does not allow live tracking.

Not being able to track the product on time results in a limited control on product management from the side of the partners, and this does not allow them to scale up their business in a fast way, thus not sending more orders to the delivery company.

2.4. Partner payment

While observing closely the interactions between different partners and the company, it has caught the researcher's attention that there was some tension between these two sides. This tension is the effect of the delays in payments which is a result of the delay in orders tracking.

The delays in payments cause problems of cash flow to the partners, and this backfires on the company: The partners will take more time to collect new orders or buy new products to deliver.

2.5. Partner relations

Unfortunately, the only reason that let partners stick with this company is that there is no other option for them. The existing shipping companies that offer collect on delivery services have a high price range, and ask to fulfill complicated conditions on registration.

2.6. Customer relations

The delays that are caused by poor management affect directly the behavior of delivery agents with customers, especially regarding time delivery. Sometimes the customer receives the delivery call on the morning but the delivery agent, as a result for his late departure from the warehouse, arrives at night: This leads to a lot of order cancellation from customers.

3. Interviews

According to the established interview guide (Appendix A), the researcher conducted four interviews which results are summarized in the following points.

3.1. The relation with customers

The company delivers to both genders with different age ranges, it all depends on the type of the product and its use. Generally, women aged from 30 to 40 years old are the category that carry out most of the purchases from the contracted partners. Addressing this points, one of the delivery agents said:

Interviewee n°1: *“It depends on the product, if it's destined for women then women will have the highest parentage, if it's for men then men will have the highest percentage, if it's a product for both genders then the highest percentage goes to woman, or women putting the information of their husbands in order to be handed to them”*

The address printed on the receipt is rarely the address where the delivery is made: It is determined via the delivery phone call; the customer can be in a different place so the delivery agent tries to agree with the customer on a place where they can receive their order.

A minority of customers tries to negotiate the due amount of payment, and this can be a result of:

- A mistake on defining the price from the partner
- The nature and buying culture of the customer

In both cases, the delivery agent redirects the customer to the partner who decides whether to make a discount or refuse. One of the delivery agents quoted an example that happened to him regarding this point:

Interviewee n°3: *“... There was a time when we were delivering a paramedical pair of shoes, on the receipt it was printed 7800DA, the customer asked for a discount of 800DA. In this case what will we do? we will show him the receipt and the label printed on the product where there is his name, phone number address and the due amount. In order to avoid a possible return, we contact the e-seller at the spot to ask for permission of the discount. There was a time where, as a matter of fact, the e-seller was supposed to make a discount and forgot, so we edited the receipt according to his indications, and the customer was happy.”*

There are some customers who took the habit of buying online, thus the delivery agents deal with them regularly and deliver them different products from different partners.

It is common to receive complaints about the delivered products, the customer calls the delivery agent asking for a refund or an exchange, in this case the delivery agent redirects the customer to the partner to fix the situation (partner's customer service number printed on the receipt).

3.2. The delivery rate and the factors affecting the delivery

The elements affecting the delivery are found to be the following:

3.2.1. Location of the delivery

The delivery location has been confirmed as one of the factors affecting the efficiency of the delivery; the delivery agent sometimes faces difficulties establishing an itinerary that covers all the addresses secluded in the day, and this comes as a result of the far distribution of order's addresses in the wilaya of delivery, especially in wide wilayas.

In order to increase the delivery rate related with this factor:

- A pre-delivery call should be established a day before the delivery day in order to define the exact delivery locations of the customers so as a relevant delivery itinerary can be elaborated.
- The delivery agent might try to establish a middle ground with the costumer to resolve the far area address issue, some of the customers don't have a problem in getting closer to the delivery agent and comprehend the situation, others may try to find an acquaintance who is located in a close area.

In addition to what has been said above; the internal organization of the company plays a big role regarding this matter, especially the followed strategy of collect and dispatching orders.

This factor explains the big variations between the delivery rates in wilayas: The areas close to Constantine have a higher delivery rate than the areas located far from it. This problem could be solved by:

- Dispatching and collecting orders a day before the delivery is scheduled
- Put into action dispatching points in other wilayas

Moreover, there's a cultural factor that interferes in here and which is related with the culture of the community living in the wilaya of the delivery: the seriousness of the customers differs from an area to another.

3.2.2. Product's type

The customer's behavior is different regarding the type of product they are purchasing, the reason behind this is the degree of need to that product: The more they need it the less they are likely to cancel their order. A delivery agent highlighted this point by saying:

Interviewee n°1: *“Each product has its value in the eyes of the client [...] It all depends on the product”*

This factor is related directly with the partner, and the fulfillment company can't really have a big degree of control over it, nevertheless, it has been times where the quality of the product has been an issue : When the product is delivered to the customer, this latter does not accept to take it or pay for it since it doesn't meet their expectations. In this case, the delivery company contacts the partner and try to fix the issue by:

- Changing the stock to a better quality
- Reducing the price
- Stopping the fulfillment and delivery of this product

3.2.3. Partner's strategy

Partners get orders in different ways, and they deal with them differently. The most crucial element in this factor is the confirmation process: If the partner establishes confirmation calls correctly, then the delivery is more likely destined to be successful. Some of the partners do not confirm orders at all, they move them directly from their website to the company's platform hoping they'll get lucky in delivery. Some others add the non-confirmed orders (the customers who were unreachable) even if they know that the delivery to most of them will be cancelled.

The company can deal with this problem in three ways:

- Establishing a return fee to all none-confirmed and none-delivered orders
- Putting into place a confirmation and follow-up cell inside the company
- Establishing a policy to not deliver from partners who don't confirm their order

3.2.4. Product's price

The collect on delivery model is based on paying on the delivery, in the case where the customer does not have cash on him: the delivery is cancelled. This is why the price of the product can affect the delivery rate, most people do not carry big amounts of money with them; so, they can't directly pay high ticket products. A delivery agent summarized his experience about this factor by saying:

Interviewee n°1: *“If it's a product worth between 2500DA and 6000DA the majority of the customers have this amount of money on them, [...] if it's a product that is worth 10000DA or 20000DA they will not have this amount present, in this case they'll tell you to delay the delivery, comeback later, wait for them to get the money out of the post office”*

In order to reduce the return rate related with this factor, the company can:

- Let the client know about the day of the delivery so they can prepare the due amount: This can be done by putting into place a confirmation cell inside the company.

3.2.5. Internal management

The management strategy followed inside the company affects all the other factors in a way or in another. That's why the company should establish a solid management system that covers and controls all the elements that reduce its profitability

3.2.6. The delivery agent

The human behavior is always unpredictable, whether it is the client's or the one coming from the delivery agent. Sometimes delivery agents act in a less serious ways where they cancel orders that are far from their itinerary or because they are just tired. In order for the company to control this factor, it can:

- Establish a delivery process with two agents: a driver and a distributor (who makes the calls and handles the money)
- Put into place a follow-up cell inside the company
- Use advanced platform with GPS feature to track the delivery process

3.2.7. Other factors

There are also other factors that can affect the efficiency of the delivery

- The vehicle used in the delivery (Possible break down).
- The customer's culture and behavior (Confirms the order then never shows up/closes their cell).
- The quality of telephone network and coverage.

3.3. Cash on delivery and e-payment

The Algerian customers prefer to buy using cash on delivery because they do not have trust towards the e-sellers, they prefer to be handed the product in order to examine it first, then if it meets their expectations, they pay for it. Regarding this matter, a delivery agent quoted:

Interviewee n°4: *“Most of the people are afraid of being scammed, they can send you the amount in a CCP transaction but once the product is delivered, they won't like it, that's why they're afraid of being scammed, they want to see first”*

It is very unlikely that the Algerian customer will turn to purchasing goods using e-payment in the next five years and if this happens, only a minority will pick this choice due to cultural and trust reasons mostly.

Partial conclusion

After applying the established research methodology on the field, we have been able to extract the factors and the elements that may affect the delivery rate specifically and the cash on delivery model generally. The conducted case study came up with few results that have been confirmed and detailed with the help of the interviews. On other hand the observation has permitted to extract some of the factors and helped in comprehending the statistical findings of the case study. It also showed some internal points to consider before generalizing the results of this study.

To our big surprise, the global delivery rate of the company in the study period was relatively low (around 45%). If we were to look at it separately as an estimated result of trying to apply the COD model, it would be fair to judge that this gateway is not that efficient to be a profitable model to opt for. Nevertheless, we have been able to identify the reasons behind this rate, and the major one that resulted in such low statistics was the internal managerial environment of the company. It was no secret for our eyes to see that the company suffered from critical internal problems: This has explained the origin of the low statistical findings. As a result to our analysis, we have also uncovered other factors unrelated with the delivery company which influenced the delivery rate. These factors can be divided into two types: factors related with customers and the factors related with e-sellers.

- Factors related with the customer

The behavior of the customer is a primary key to the success of the delivery, thus the profitability and the efficiency of the COD model. We have been able to prove that the culture, the readiness and the expectations of the customer are the major factors that can affect the delivery from this side.

- Factors related with the e-seller

The e-seller is indirectly responsible of the success of the delivery, we can say that confirming orders, meeting the customers' expectations and selling good quality products are the major factors influencing the delivery rate from this side.

General Conclusion

Overall, this research aimed to put light on the cash on delivery payment gateway and its use while shopping for goods inside the Algerian territory. In order to come closer to field practices and to get real life data about the efficiency of this latter, the researcher took a delivery company named SPEED EXPRESS as a starting ground to conduct an empirical study with the goal to generalize the findings about this model on all the companies that would like to implement it.

The researcher was able to show the importance of this model and displayed the ways of its implementation through the study. In addition, and through the conducted empirical study, he was able to uncover the elements that influence the profitability and the efficiency of the COD payment gateway. The major elements can be displayed as follows:

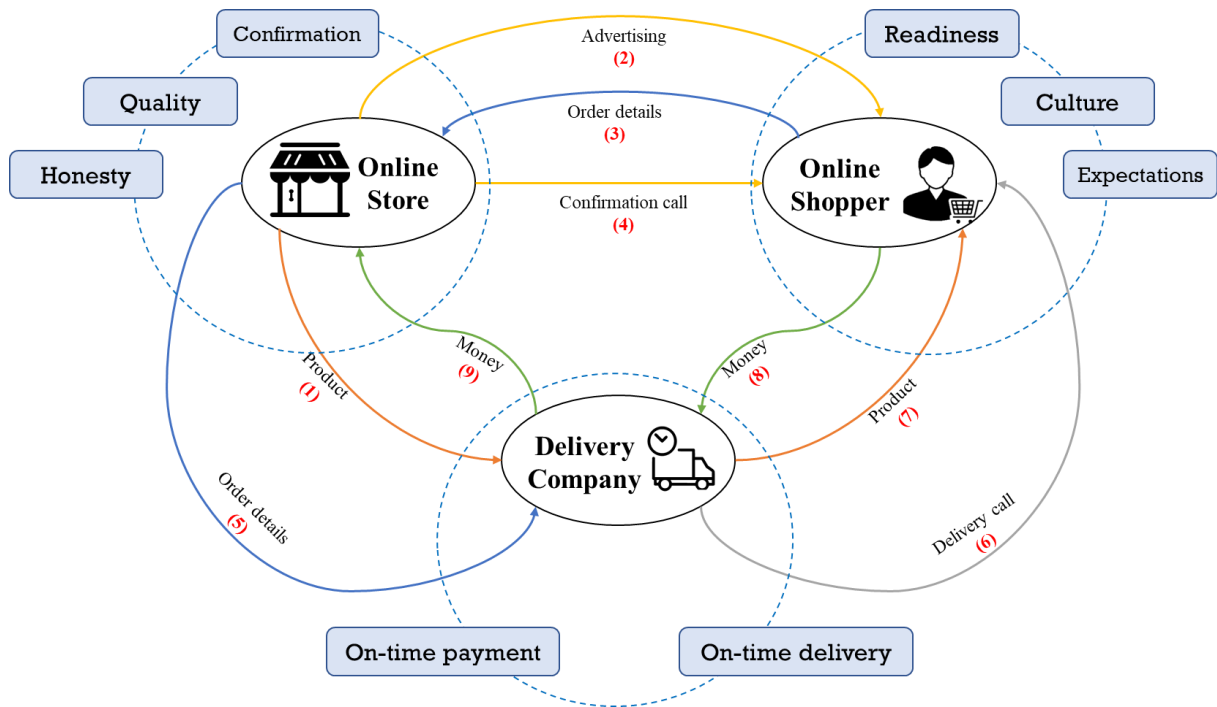
Table N° 18: Factors influencing the efficiency of the COD model

E-seller	Delivery company	E-shopper
Confirming orders	“On time” delivery	Readiness
Product quality	“On time” payment	Culture
Marketing honesty		Expectations

Established by the researcher based on the results of the study

From the above table, we can sum up the results of this research in the following figure:

Figure N° 21: Elements influencing the efficiency of the COD model



Established by the researcher based on the results of the study

In order to keep the COD model efficient, the factors mentioned above need to be correctly monitored and controlled, as a result of this study, and from the perspective of a delivery company, we can display:

Table N° 19: Controlling COD efficiency factors from the side of a delivery company

Player	Factor	Action
Online Store	Confirmation	<ul style="list-style-type: none"> Put in place a confirmation cell (call center) inside the company
	Quality	<ul style="list-style-type: none"> Exclude low quality products from delivery (based on the customer feedback collected from delivery agents / Call center / Delivery rate follow-up)
	Honesty	
Online Shopper	Readiness	<ul style="list-style-type: none"> Notify the customer a day before the delivery
	Culture	-
	Expectations	<ul style="list-style-type: none"> Notify the e-sellers of the customers' reactions to the product (Collected from delivery agents / Call center)
Delivery Company	On-time payment	<ul style="list-style-type: none"> Put in place an internal management system that reduces the delays
	On-time delivery	<ul style="list-style-type: none"> Use an advanced order management online platform Hire serious and experienced delivery agents

Established by the researcher based on the results of the study

The findings of the study and the extracted information have allowed to check the hypothesis stated in the research model:

- **Hypothesis 1 :** *Cash on delivery is a good alternative for e-payment to sell goods online, once the factors playing on its efficiency are well controlled.* (This hypothesis was accepted)

According to this study, the researcher highlights and recommends the use of the COD model inside new or existing companies that want to penetrate the online Algerian market whether they are fully digital companies (e-stores) or retailers with physical stores and want to expand their reach. Nevertheless, and as showed in the results, picking a good delivery company is a crucial choice for the success of the implementation and having more control over the stated efficiency factors gives an assurance of the profitability. In addition, the courier and logistics niche that offer

collect on delivery services is a market with a low competition, it is a golden opportunity for newborn businesses, especially with the increased tendency to e-commerce from customers.

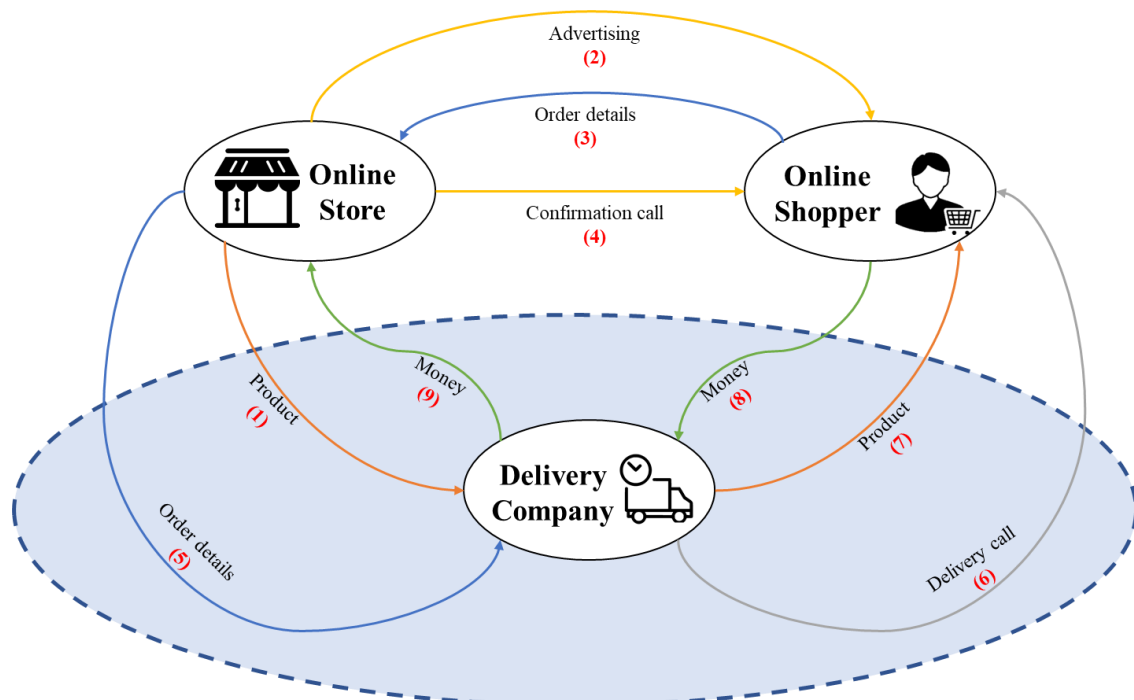
Limitations of the study

Unfortunately, not only in Algeria, but also on a global scale, not many academic works have dealt with the topic of cash on delivery, the researcher has encountered some difficulties finding a theoretical basis to start from.

One of the other limitations to this study was the choice of the company, it was a big surprise to the researcher to witness unexplained and unprofessional practices inside the company that may have affected in one way or another the course of this study.

The cash on delivery model consists of three main players: The e-seller, the e-shopper, and the delivery company. The current research has gathered and covered data collected only from the delivery company which is an intermediary between the two other players. In other terms, the uncovered factors affecting the cash on delivery model are the ones seen only from the perspective of the shipping company: The customer and the seller were not involved in the study. The highlighted blue area in the next figure shows the covered perspective in the current study.

Figure N° 22: The covered area of the COD model in the current study



Established by the researcher based on the results of the study

Recommendations for future researches

Based on the stated limitations, we can suggest the following recommendations for future researches:

- Picking another delivery company as a field of study can result in more reliable results.
- Conducting a study based on the perspectives of the e-seller and the e-shopper) or opting for a research that englobes all of the three sides of the COD model.

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APPENDIX (A): The Interview Guide

Interview Guide

English Version (Translated from Arabic)

Interviewees:

- SPEED EXPRESS Manager
- SPEED EXPRESS Delivery Agents
- Freelance Delivery Agents that work/worked for SPEED EXPRESS

Introduction to the interview:

Hello sir, first let me introduce myself, my name is Moundher DJEBBAR, a student in the National Higher School of Management. The field of my study is Entrepreneurship and project management and I am in my second year in the master cycle. In order to prepare to my graduation assessment, I aim to gather some specific information about the payment on delivery option and the factors affecting its efficiency.

Thematic and Questions:

Thematic 1: The Relation with Customers

- 1) To what category of people do you deliver the most? Women or men? Old people or young people?
- 2) Do the customers prefer to get delivered at their houses? at their workplace? or elsewhere?
- 3) Do you face problems finding the address of the delivery? What do you do in that case?
- 4) Do you face problems regarding the price of the product? the customer wouldn't want to pay the exact due cost and tries to negotiate about the price?
- 5) Do you deliver to recurrent customers? (Customers who buy more than one time)
- 6) Did you get any complains about the product after the delivery? In that case what do you do?

Thematic 2: The Delivery Rate and the Factors affecting the delivery

In our study, and based on the company's data, we have found that the delivery efficiency can be related to four factors, which are: the delivery location, the type of product, the e-commerce store (the sender) and the product price.

- 7) Do you confirm that the location of the delivery can affect the delivery rate? Can you explain why? How do you think the company can reduce the return rate related to this factor?
- 8) Do you confirm that type of product can affect the delivery rate? Can you explain why? How do you think the company can reduce the return rate related to this factor?

- 9) Do you confirm that way that the partner deals with orders can affect the delivery rate? Can you explain why? How do you think the company can reduce the return rate related to this factor?
- 10) Do you confirm that the price of the product can affect the delivery rate? Can you explain why? How do you think the company can reduce the return rate related to this factor?
- 11) Can you think of any other factor that affects the efficiency of the delivery aside from what has been discussed before? What are the reasons behind it? How can the company rise the delivery rate related to this factor?

Thematic 3: Cash on Delivery and E-payment

- 12) Based on your experience, why do you think people choose to go for the option of paying on the delivery and not paying electronically before getting the product?
- 13) In the next 5 years, do you think that e-payment will replace the cash on delivery in Algeria?

Interview Guide

Arabic Version (Original Version)

المعنيون بالمقابلة :

- مسير مؤسسة سبيد ايكسبرس
- عمال توصيل مؤسسة سبيد ايكسبرس
- وكلاء التوصيل المستقلون الذين يعملون / عملوا لصالح مؤسسة سبيد ايكسبرس

مقدمة المقابلة :

مرحبا سيدي، أولا اسمح لي أن أقدم نفسي، اسمي منذر جبار، طالب بالمدرسة الوطنية العليا للمناجنت، تخصص دراستي هو المقاوئية وإدارة الاعمال وأنا في عامي الثاني من طور الماستر. في إطار تحضيرتي لمذكرة تخرجي، أنا بصدد جمع بعض المعلومات المحددة حول خيار الدفع عند الاستلام والعوامل المؤثرة على فعالية هذا الأخير. (شرح كيفية اجراء المقابلة)

المواضيع والأسئلة :

الموضوع 1 : العلاقة مع العملاء

- (1) ما هي أكبر فئة من الأشخاص التي تقوم بالتوصيل اليها ؟ نساء أم رجال؟ كبار السن أو الشباب؟
- (2) هل يفضل العملاء استقبال طلبياتهم في منازلهم؟ في مكان عملهم؟ أو في مكان آخر؟
- (3) هل تواجه مشاكل في إيجاد عنوان التوصيل؟ ماذا تفعل في هذه الحالة؟
- (4) هل تواجه مشاكل بخصوص سعر المنتج؟ حيث أن العميل لا يريد دفع التكلفة المستحقة ويحاول التفاوض على السعر؟
- (5) هل تقوم بالتوصيل لعملاء دائمين؟ (عملاء يشتررون أكثر من مرة)
- (6) هل حصلت على أي شكوى بخصوص المنتج بعد التسليم؟ في هذه الحالة ماذا تفعل؟

الموضوع 2: معدل التسليم والعوامل المؤثرة على التسليم

في دراستنا هذه، واستنادًا على بيانات الشركة، وجدنا أن كفاءة التوصيل يمكن أن ترتبط بأربعة عوامل، وهي: موقع التسليم، نوع المنتج، متجر التجارة الإلكترونية (المرسل)، وسعر المنتج.

- (7) هل تؤكد أن موقع التسليم يمكن أن يؤثر على معدل التسليم؟ هل يمكنك أن تشرح لماذا؟ كيف يمكن للشركة أن تقلل من معدل العائد المرتبط بهذا العامل؟
- (8) هل تؤكد أن نوع المنتج يمكن أن يؤثر على معدل التسليم؟ هل يمكنك أن تشرح لماذا؟ كيف يمكن للشركة أن تقلل من معدل العائد المرتبط بهذا العامل؟
- (9) هل تؤكد أن طريقة تعامل الشريك (المرسل) مع الطلبات يمكن أن يؤثر على معدل التسليم؟ هل يمكنك أن تشرح لماذا؟ كيف يمكن للشركة أن تقلل من معدل العائد المرتبط بهذا العامل؟
- (10) هل تؤكد أن سعر المنتج يمكن أن يؤثر على معدل التسليم؟ هل يمكنك أن تشرح لماذا؟ كيف يمكن للشركة أن تقلل من معدل العائد المرتبط بهذا العامل؟
- (11) هل يمكنك التفكير في أي عامل آخر يؤثر على كفاءة التسليم بخلاف ما تم مناقشته من قبل؟ ما هي الأسباب وراء ذلك؟ كيف يمكن للشركة رفع معدل التسليم المرتبط بهذا العامل؟

الموضوع 3: الدفع نقدًا عند الاستلام والدفع الإلكتروني

12) بناءً على خبرتك، وعلى حسب رأيك، لماذا يختار الناس خيار الدفع عند التسليم ولا يختارون الدفع إلكترونيًا قبل الحصول على المنتج؟

13) في السنوات الخمس المقبلة، هل تعتقد أن الدفع الإلكتروني سيحل محل الدفع النقدي عند التسليم في الجزائر؟